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# Welfare Incomes 1994

A Report by the  
National Council of Welfare

Autumn 1995

Canada







**WELFARE INCOMES 1994**

**A Report by the  
National Council of Welfare**



**Autumn 1995**



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## **FOREWORD**

This report is the seventh of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1994 for four types of households: a single employable person, a single person with a disability, a single-parent family with a child aged two, and a two-parent family with two children aged ten and 15. Similar estimates were published in Welfare in Canada: The Tangled Safety Net and previous versions of Welfare Incomes for the years 1989 through 1993.

The National Council of Welfare is grateful to officials of provincial and territorial governments for taking the time to review the factual material in this report and previous reports. A special thanks goes to Gilles Séguin of the Social Policy Branch of the Strategic Policy Group of Human Resources Development Canada for his assistance and insights over the years.

All seven reports show that welfare incomes in all parts of Canada fall well below the poverty line. They also represent only a small fraction of average incomes. Yet five provinces actually reduced welfare rates for all or some categories of recipients in 1993 or 1994. The impact is shown clearly in this edition of Welfare Incomes, even though some of the cuts were not in effect for the entire 1994 calendar year.

There are almost certain to be further reductions in welfare rates in the months ahead because of changes in provincial government policies and cuts in transfer payments to the provinces from the federal government.

Since 1966, the federal government has paid a share of the cost of welfare and social services under the terms of the Canada Assistance Plan. As of April 1, 1996, cost-sharing under the Canada Assistance Plan will give way to a form of "block funding" known as the Canada Health and Social Transfer that will cover medicare and post-secondary education as well as welfare and social services. Ottawa plans to reduce its support for these programs collectively by 9.4 percent in the 1996-97 fiscal year and by a further 6.7 percent in 1997-98.

Cuts in federal support are certain to increase the pressure on provincial and territorial governments to hold the line on welfare rates or roll back current rates.







## **What is Welfare?**

Social assistance or welfare is the income program of last resort in Canada. It provides financial assistance to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Welfare is paid under the terms of the Canada Assistance Plan, an arrangement that allows the cost to be shared by the federal government and the provinces and territories. Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada - one in each province and territory. Some would say there are hundreds of welfare systems, because of the leeway allowed to municipalities which run welfare programs in Nova Scotia, Ontario and Manitoba.

Despite the fact that each of the 12 main welfare systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts recipients are allowed to keep from outside earnings, and the way in which applicants and recipients may question decisions regarding their cases.

## **Eligibility**

Eligibility for welfare is based on some general rules, on a determination of fixed and liquid assets, and on a shortfall in household income as measured by a "needs test."

Applicants must qualify for assistance on the basis of rules which vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions may qualify for assistance in some provinces only if they meet specified conditions. In other provinces, they cannot apply for assistance without leaving their studies. Single parents must try to secure any court-ordered maintenance support to which they are entitled. Individuals who are disabled require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.



Applicants also must meet requirements concerning their fixed and liquid assets. The value of their non-exempt assets cannot exceed certain levels. Otherwise, applicants are considered to be self-reliant or potentially self-reliant because they can convert their fixed assets into liquid assets.

Rules vary regarding the treatment of fixed assets. In most provinces, a principal residence and personal effects such as furniture and clothing are considered exempt. Most provinces exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt.

The limits on liquid assets (cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces) are shown in Table 1 that follows. The amounts vary by household size and employability.

Provinces and territories set their own maximum allowable liquid assets. If they want to qualify for cost-sharing, however, the amounts cannot exceed the maximums set by Ottawa.

The federal maximums on liquid assets are:

- \* \$2,500 for a single person and \$3,000 when an individual is aged or disabled.
- \* \$5,000 for a person with one dependent (spouse or child) and \$5,500 when the applicant or spouse is aged or disabled.
- \* an extra \$500 for the second and each additional dependent.
- \* an additional amount where this has been placed in a special fund or trust for purposes that the province considers to be socially important - for example, the education of a child or the purchase of equipment to overcome a disabling condition.

TABLE 1

## LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1994

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Newfoundland	\$2,500	\$5,000	\$3,000	\$40	\$100
Prince Edward Island	**1	\$1,200	\$900	\$50 <sup>2</sup>	\$50 <sup>2</sup>
Nova Scotia	\$1,500 <sup>3</sup>	\$2,500	\$3,000	Municipalities generally require liquid assets to be expended to meet basic needs.	
New Brunswick	\$500	\$1,000	\$1,000	\$500	\$1,000
Quebec	**4	**4,5	\$2,500 <sup>4,5</sup>	\$1,500	\$2,500
Ontario	\$2,500 <sup>6</sup>			Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance.	
				Assets equal to 1-2 weeks' assistance may be exempted (or 1-3 months' assistance in the case of a temporarily unemployable person). Maximum exemptions (\$2,500 for single and \$5,000 for a couple plus \$500 per dependent) may apply to households to be transferred to long-term assistance.	
		\$5,000 <sup>6</sup>	\$3,000 <sup>6,7</sup>	Assets equal to 1-3 months' assistance.	



**TABLE 1 (Continued)**

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba <sup>8</sup>	**9	\$2,000	\$2,000	Each municipality establishes the amount of liquid assets an applicant may retain.	
Saskatchewan <sup>10</sup>	\$1,500	\$3,000	\$1,500		
Alberta	\$1,500	\$2,500	\$1,500 <sup>12</sup>	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia	\$2,500 <sup>13</sup>	\$5,000	\$3,000	\$2,500	\$5,000 <sup>14</sup>
Northwest Territories	The value of any assets that should not be converted into cash for sound social or economic reasons (in the Director's opinion) is exempt from the inclusion as a personal resource.				
Yukon					
	\$500	\$1,800	\$1,500	\$100 <sup>15</sup>	\$200 <sup>15</sup>

## NOTES TO TABLE 1

1. Single applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and up to \$2,400 for a family depending on family size.
3. This exemption applies to single elderly persons who are not eligible for the Old Age Security Pension. Single applicants would not be considered unemployable unless they were disabled.
4. Applicants would not be considered unemployable unless they were disabled. Families that qualify under the Financial Support Program get a \$5,000 exemption.
5. An additional \$147 is exempt for each dependent child under 18 (or over 18 attending secondary school).
6. The Director may permit households in receipt of Family Benefits to exceed the maximum exemption level by no more than ten percent. This exception applies only to current beneficiaries and not to applicants.
7. In the case of a blind, disabled or permanently unemployable person, an exemption is allowed with respect to a beneficial interest in assets held in trust and available to be used for maintenance if the capital of the trust comes from an inheritance and does not exceed \$65,000, unless the Director approves a higher amount.
8. Manitoba has a distinct set of rules pertaining to persons owning or operating farms.
9. Single persons would not be considered unemployable unless they were disabled.
10. An exemption is allowed for income from the settlement of an outstanding treaty land entitlement or other land claim of an Indian Band. The amount is not to exceed \$1,500 for a person with no dependents, \$3,000 for a person with one dependent, and \$500 for each additional dependent.



11. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
12. People who are severely and permanently disabled who have high needs because of dependents or the costs of personal support services may get an exemption of up to \$3,000. Some people with disabilities receive benefits under the Assured Income for the Severely Handicapped program (no asset test) instead of welfare.
13. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000.
14. The level of \$5,000 applies to a person under age 55 with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
15. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

The liquid assets permitted by British Columbia match the federal maximums. Newfoundland and Ontario allow applicants for long-term assistance to have liquid assets that match federal levels, while Newfoundland, Nova Scotia, Ontario and Alberta permit the maximum levels for people with disabilities. Federal guidelines were last changed in July 1980.

The maximums allowed by Ottawa and the provinces are very low and require individuals to be virtually penniless before they are eligible for financial aid. Disabled individuals in particular have expressed concern about the fact that these levels do not allow them to have a small "personal safety net" which they can use in the event of an emergency or special need.

The determination of fixed and liquid assets is part of the needs test. Under this test, the needs of a household for food, clothing, shelter and other essential items are calculated - using criteria for need as determined by provincial and territorial governments. Special needs items, if they are deemed essential to daily living or are required for a regularly recurring need, are generally included in this calculation.

The household income from various sources is identified. Some income, such as the federal Child Tax Benefit and the federal GST credit, is normally considered exempt; it is not calculated as income available for the support of the applicant. Income from other sources such as employment, pensions and unemployment insurance is considered as income fully or partially available for support of the household.

Several jurisdictions, including Newfoundland, Ontario, Manitoba, Alberta and British Columbia, exempt the value of federal compensation payments to persons who became infected with the AIDS virus through contaminated blood transfusions or blood products. Quebec considers the compensation payments as an exempt liquid asset rather than exempt income.

Ontario exempts payments to former residents of institutions that were paid as compensation for abuse. Alberta exempts payments under the Japanese Canadian Redress Agreement.

Total non-exempt income is subtracted from the total needs of the household. Applicants qualify if the household's needs exceed its resources or if there is a budget surplus that is



insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test is the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorizes the federal government to share the costs of welfare only on behalf of households that qualify on the basis of need.

The needs test has a significant impact upon the shape of the welfare system. The test is fairly intrusive. Applicants must reveal a significant amount of financial and personal information. A large bureaucracy is required, and individual welfare workers have room to make discretionary judgments in the application of welfare regulations.

By contrast, eligibility for other income support programs such as the federal Child Tax Benefit or Guaranteed Income Supplement for seniors is determined by an income test. This is a simpler and more objective test based on income alone, not assets or needs. Eligibility for the Child Tax Benefit, for example, is based on net family income as reported on income tax returns.

In summary, applicants are eligible for welfare if they qualify on the basis of certain general rules, if their assets fall within the guidelines on fixed and liquid assets, and if their needs exceed the financial resources available to them.

### **Rates of Assistance**

Every province and territory uses a different method of calculating basic social assistance, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Assistance may be provided as cash or "in kind" in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special needs item, because they are able to provide for other basic needs from their own resources. In such a case, the province or territory may grant the specific amount that the household requires, provided that the applicant is eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

In Ontario, municipalities may make special assistance available for households that require financial help only for designated special needs. The fact that municipalities are not required to grant such assistance has created hardship for many low-income individuals and families with special needs. As of October 1, 1991, the costs of necessary medical transportation, surgical supplies and dressings, and diabetic supplies were reclassified as "special necessities." The change in designation means that these items must be provided to all welfare recipients who qualify - even recipients in municipalities which do not normally provide this kind of benefit. The Ontario government agreed to pick up a larger share of the cost of these items from municipal governments.

All across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On the one hand, welfare recognizes the fact that individuals may have on-going or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 2 presents a national picture of estimated welfare incomes for 1994. The incomes are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with one child aged two and a two-parent family with two children aged ten and 15. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1994, and remained on welfare for the entire calendar year.



These rates must be interpreted with caution. They are estimates of what a particular family or single person might receive. Because welfare is such a highly individualized program of income support, every recipient is potentially eligible for a different amount of financial assistance.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts.

They are maximum amounts in that they represent the highest level of welfare that a designated province will provide to a given household unit for its basic living needs. Recipients might actually receive any amount up to and including that maximum level.

At the same time, these figures are minimum amounts in that they do not generally include special needs assistance to which a given household may be entitled.

### **Basic Social Assistance**

Column 1 represents the basic social assistance to which eligible households are entitled. Basic assistance generally includes an amount for food, clothing, shelter, utilities, and personal and household needs.

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions involve the size of a municipal area, two-tier welfare systems, the employability of recipients, accommodation, and rate changes.

#### **a. largest municipal area**

The rates of social assistance are for the largest municipal area in the province or territory. The shelter component of basic assistance may vary by region. Assistance may increase in more remote areas in order to compensate for higher living costs. For example, a higher supplementary fuel allowance is granted to recipients in Labrador than that provided to

other residents of the province. A northern allowance is available in Ontario. Manitoba and Saskatchewan provide a supplementary northern food allowance. The food rates in the Northwest Territories vary by region.

#### **b. two-tier welfare systems**

Nova Scotia, Ontario and Manitoba have two-tier welfare systems. This means that the provincial government assumes responsibility for certain recipients (generally those considered to be unemployable) while municipal governments are responsible for other categories of recipients (generally those considered to be employable).

In Ontario, municipalities have to conform to a standard set of rates for basic welfare assistance which is set by the province. There is wide variation, however, with respect to the provision of special assistance, which is the responsibility of Ontario municipalities.

Manitoba has moved to standardize rates in its two-tiered welfare system, although the minimum rates established by the provincial government are not as high as the rates paid by the City of Winnipeg. The city accepted the standardized rates for adults, but decided to maintain higher rates for children. This extra amount for children on welfare is cost-shared by the city and the federal government, but not by the province. In Table 2, the rates for the single employable person and the couple with two children are the rates for the City of Winnipeg.

In Nova Scotia, municipalities still set their own levels of assistance. The rates for single employable recipients and two-parent households in Table 2 are the rates for the City of Halifax. Rates for these households varied greatly in other municipalities in the province and were normally much lower than the rates in Halifax.

#### **c. employability of recipients**

Short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals in all jurisdictions except Prince Edward Island. In fact, in some provinces, single employable persons are eligible for assistance for one month



only, after which they must renew their applications. In order to "annualize" the rates presented in Table 2, it was assumed that these people started receiving welfare on January 1, 1994, and remained on assistance throughout the entire year, even though many recipients would not actually have been eligible on such a "long-term" basis. P.E.I. got rid of its short-term rates altogether as of April 1, 1990.

Single disabled persons generally qualify for long-term rates of assistance. In Ontario, they are eligible for benefits under the Guaranteed Annual Income System for the Disabled (GAINS-D) program. In Alberta, disabled applicants may qualify for benefits under one of two programs - social assistance or Assured Income for the Severely Handicapped (AISH). The rates in Table 2 are for the social assistance program.

In most cases, the single-parent family was assigned higher rates of assistance. It was generally presumed that this family was unemployable because of the young age of the child (two years). However, classification of the single-parent family varies throughout the country, and this variation is reflected in the calculations in Table 2.

Single parents in Saskatchewan are not required to seek employment or take training if they choose to remain at home to care for a child under the age of six. In Alberta, single parents with children six months old or older now are considered employable. Single parents in New Brunswick and Quebec receive benefits under the employability enhancement programs in these provinces - the Upgrading, Training and Placement Program and the Work and Employment Incentives Program, respectively. The employability enhancement programs provide lower rates of assistance than long-term welfare programs.

Finally, the two-parent family with two children was considered to be employable for the purposes of these calculations. If, for some reason, the family was unemployable (for example, the family head was disabled), it would be eligible for higher rates of assistance.

#### **d. accommodation**

Table 2 considers welfare recipients to be renters rather than homeowners. It also assumes that there was no sharing of accommodation. In all provinces, rates of assistance are

reduced when unrelated individuals share housing. Under the Work and Employment Incentives Program for employable persons in Quebec, for example, the monthly assistance cheques of two households sharing accommodation were reduced by \$100 each in 1994.

Where shelter allowances do not include the cost of utilities, the latter were added to the shelter rates. Maximum allowable shelter rates were used in most jurisdictions.

In the Northwest Territories, there are no maximum rates for shelter. Actual rents are paid, and these vary widely in the North. For the single employable person and the single person with a disability, basic welfare assistance was calculated using the highest rent and utilities actually paid for a bachelor suite in Yellowknife. For the two families with children, the calculation was done using the highest rent and utilities actually paid for a two-bedroom apartment in Yellowknife. Because of the way the figures for the Northwest Territories are calculated, they are not directly comparable with figures for welfare programs which have ceilings on rent.

#### e. rate changes

The calculations of basic social assistance were done month by month for each category of recipient in each province and territory. Increases or decreases in rates were incorporated as of their effective dates. For example, British Columbia increased its welfare rates on March 1, 1994, so the B.C. calculations for 1994 are made up of two months of welfare at the old rate and ten months at the new rate.

Nova Scotia, New Brunswick and Quebec had increases for some, but not all categories of recipients.

Alberta reduced its welfare rates in 1993 for all categories of recipients, and there were reductions in 1994 for some categories of recipients in Prince Edward Island, Quebec, Ontario and Manitoba.



### **Special Assistance**

Two kinds of assistance may be provided for special needs. First, there are regularly recurring needs within certain groups, such as people with disabilities. Second, there are "one-time" special needs which are determined case by case. One-time special needs include items such as funeral expenses, moving costs or emergency home repairs.

Decisions to provide either type of special assistance are made by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

Because it is impossible to know whether individuals receive special assistance and because the amount and type of help vary by household, these extra amounts have not been included in the calculation of estimated welfare income.

Special assistance has been incorporated in Column 2 of Table 2 only when it is automatically provided to certain recipients. Examples of special assistance include: extra assistance for disabled persons, money for school expenses, winter clothing allowances for families with children, and Christmas allowances. The footnotes explain the nature of the special assistance in each jurisdiction.

### **Child Tax Benefit**

The federal government paid a basic benefit of up to \$1,020 in most parts of Canada in 1994 for each child under age 18. The basic benefit in Quebec and Alberta is different at the request of the two provincial governments. In Quebec, payments vary with the age of the child and the number of children in the family. In Alberta, payments vary with the age of the child.

In all provinces and territories, there was a supplementary benefit in 1994 of up to \$213 for each child under age seven.

All provinces and territories except Saskatchewan consider the Child Tax Benefit to be exempt income in the calculation of welfare benefits. Saskatchewan deducts the value of the

family allowance component of the Child Tax Benefit (estimated at \$34.88 a month for each child in 1994) from its welfare payments. To account for this in Table 2, the rates of assistance in Column 1 for the two households with children in Saskatchewan have been reduced by \$34.88 a month for each child.

### **Provincial Child Benefits**

Quebec provides a family allowance over and above the federal Child Tax Benefit. It also makes available a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1994 for the first child under six.

Manitoba provides up to \$30 a month per child to low-income families under the Child Related Income Support Program (CRISP). The maximum benefit went to families with net incomes of \$12,384 a year or less. Under a change in provincial government policy that took effect on April 1, 1993, families on both municipal and provincial welfare lose a dollar of their welfare cheques for every dollar received from CRISP. For this reason, CRISP is included in Column 1 along with basic social assistance.

The Family Income Plan in Saskatchewan provides non-taxable cash assistance for eligible families with dependent children under 18 years of age. Effective July 1, 1993, maximum benefits were \$105 a month for each of the first three children in a family and \$95 a month for the fourth and subsequent children. The maximum benefit went to families with incomes of \$725 a month or less, not including the federal Child Tax Benefit. This amount is not presented as a separate entry in Column 4 because the province includes it in the rates of assistance for families on welfare.

### **GST Credit**

Column 5 is the federal refundable credit for the Goods and Services Tax. The GST credit is paid quarterly. The four payments received in 1994 added up to a maximum of \$199 for each adult or the first child in a single-parent family. For other dependent children, the total for the year was a maximum of \$105 a child.



Single adults, including single parents, also received a single person's supplement if their 1993 incomes were between \$6,456 and \$25,921. The maximum supplement for 1994 was \$105.

Prince Edward Island stopped considering the GST credit as exempt income on June 1, 1994. The result was a small reduction in welfare benefits for all categories of recipients for the latter half of the year. Column 5 shows the full amount of the GST credit provided by the federal government, and the basic social assistance in Column 1 has been reduced by \$96 for single recipients, \$192 for the single-parent family and \$288 for the couple with two children.

### **Provincial Tax Credits**

The tax credits in Column 6 are the Sales and Property Tax Credits in Ontario and the Cost of Living and Property Tax Credits in Manitoba. All four categories of welfare recipients in Ontario were eligible for provincial tax credits. In Manitoba, tax credits are shown only for the single employable person and the couple with two children. The single person with a disability and the single-parent family have the value of their tax credits included with basic social assistance in Column 1.

Previous editions of Welfare Incomes had a separate listing for the Quebec Sales Tax Credit. The credit now is shown within basic social assistance.

TABLE 2

## ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD, 1994

	Basic Social Assistance	Additional Benefits	Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>NEWFOUNDLAND<sup>3</sup></b>							
Single Employable <sup>4</sup>	4,326				199		4,525
Disabled Person	6,810	1,500 <sup>5</sup>			236		8,546
Single Parent, One Child <sup>6</sup>	11,262		1,233		498		12,993
Couple, Two Children	12,186		2,040		608		14,834
<b>PRINCE EDWARD ISLAND<sup>7</sup></b>							
Single Employable <sup>8</sup>	7,160				228		7,388
Disabled Person	7,860	1,092 <sup>9</sup>			250		9,202
Single Parent, One Child	10,860		1,233		493		12,586
Couple, Two Children	16,008	175 <sup>10</sup>	2,040		608		18,831
<b>NOVA SCOTIA<sup>11</sup></b>							
Single Employable	5,904				199		6,103
Disabled Person	8,568				238		8,806
Single Parent, One Child	10,560		1,233		480		12,273
Couple, Two Children	12,432	40 <sup>12</sup>	2,040		608		15,120
<b>NEW BRUNSWICK<sup>13,14</sup></b>							
Single Employable	3,084				199		3,283
Disabled Person	6,296	1,800 <sup>15</sup>			229		8,325
Single Parent, One Child	8,844		1,233		441		10,518
Couple, Two Children	9,876		2,040		608		12,524



TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
<b>QUEBEC<sup>16,17</sup></b>							
Single Employable <sup>18</sup>	6,000				199		6,199
Disabled Person	8,088				224		8,312
Single Parent, One Child	10,200	1,080 <sup>19</sup>	1,082 <sup>20</sup>	248 <sup>21</sup>	486		13,097
Couple, Two Children	12,000	1,219 <sup>22</sup>	1,972 <sup>20</sup>	305 <sup>23</sup>	608		16,104
<b>ONTARIO<sup>24</sup></b>							
Single Employable	7,956				227	370 <sup>25</sup>	8,554
Disabled Person <sup>26</sup>	11,160				291	306 <sup>25</sup>	11,757
Single Parent, One Child	14,652	105 <sup>27</sup>	1,233		503	341 <sup>25</sup>	16,834
Couple, Two Children	18,723	407 <sup>28</sup>	2,040		608	432 <sup>25</sup>	22,210
<b>MANITOBA</b>							
Single Employable <sup>29</sup>	5,914	14 <sup>30</sup>			199	715 <sup>31</sup>	6,841
Disabled Person	7,157	840 <sup>32</sup>			230		8,227
Single Parent, One Child	9,636		1,233		467		11,336
Couple, Two Children	16,103	38 <sup>30</sup>	2,040		608	955 <sup>31</sup>	19,745
<b>SASKATCHEWAN<sup>33</sup></b>							
Single Employable	5,760				199		5,959
Disabled Person	7,500	780 <sup>34</sup>			235		8,515
Single Parent, One Child <sup>35</sup>	10,381		1,233		480		12,094
Couple, Two Children <sup>35</sup>	14,640	160 <sup>36</sup>	2,040		608		17,448

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
<b>ALBERTA</b> <sup>37</sup>							
Single Employable	4,728				199		4,927
Disabled Person	6,348	220 <sup>38</sup>			202		6,770
Single Parent, One Child	9,192		1,147 <sup>39</sup>		472		10,811
Couple, Two Children	14,472		2,135 <sup>39</sup>		608		17,215
<b>BRITISH COLUMBIA</b> <sup>40</sup>							
Single Employable	6,530	35 <sup>41</sup>			199		6,764
Disabled Person	9,220	35 <sup>41</sup>			249		9,504
Single Parent, One Child	11,746	80 <sup>41</sup>	1,233		502		13,561
Couple, Two Children	14,818	190 <sup>42</sup>	2,040		608		17,656
<b>YUKON</b> <sup>43</sup>							
Single Employable	7,740	155 <sup>44</sup>			228		8,123
Disabled Person	7,740	995 <sup>45</sup>			245		8,980
Single Parent, One Child	12,540	572 <sup>46</sup>	1,233		503		14,848
Couple, Two Children	19,080	685 <sup>47</sup>	2,040		608		22,413
<b>NORTHWEST TERRITORIES</b> <sup>48</sup>							
Single Employable	11,304				296		11,600
Disabled Person	11,304	1,500 <sup>49</sup>			304		13,108
Single Parent, One Child	19,164		1,233		503		20,900
Couple, Two Children	22,716		2,040		608		25,364



## NOTES TO TABLE 2

1. The federal Child Tax Benefit began in January 1993. It replaced family allowances, the refundable child tax credit, and the non-refundable children's credit on the federal income tax form. In Table 2, the single-parent family with one young child was eligible for \$1,233 (\$1,020 as a basic amount and \$213 as a supplement for children under seven). The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources.
2. The GST credit is paid in quarterly installments. In 1994, adults and the first child in a single-parent family received maximum payments of \$49.75 each quarter, and the maximum rate for other children was \$26.25 a quarter. The special GST supplement for single persons and single-parent families is included in the totals for the year.
3. The last rate increases in Newfoundland were on April 1, 1992. The totals include a fuel allowance of \$51 a month from November through April.
4. These rates apply to single able-bodied persons under age 50. Rates of assistance to persons over 50 are higher. Welfare officials in Newfoundland say that most single employables fall under a board and lodging rate structure instead of the rates shown here.
5. This is the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.
6. The rates include a supplement of \$57 a month paid to single-parent families.
7. The last rate increases in Prince Edward Island were on July 1, 1992. As of June 1, 1994, the GST credit was no longer considered exempt income, and welfare recipients had their welfare cheques trimmed accordingly.
8. Maximum rates of shelter assistance for single employable persons were reduced in June 1994 for new recipients and in September 1994 for people who were already on welfare.

9. This is the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.
10. This represents back-to-school benefits of \$100 and \$75 for the children.
11. Nova Scotia increased its rates on January 1, 1994, for provincial Family Benefits for the single disabled person and the single-parent family. Rates for municipal recipients for the single employable individual and the two-parent family are based on Halifax rates that have not gone up since March 1, 1992. Municipal recipients in Halifax often get an additional \$42 a month for work-related transportation, but the allowance is not automatic in all cases.
12. Halifax provides a \$20 per child back-to-school allowance.
13. Rate changes which took effect on September 1, 1994, were incorporated in these figures.
14. The single employable person was classified in the Interim Assistance Program, the single disabled person in the Long-Term Established Needs Program, and the single-parent and two-parent families in the Upgrading, Training and Placement Program.
15. This is the maximum Assistance for Reduction of Rental Costs of \$150 a month for low-income elderly or disabled persons. However, most people with disabilities received significantly less than the maximum. The program was frozen as of April 1, 1993, and no new people were admitted after that date.
16. The single disabled person was classified under the Financial Support Program. The single-parent family was classified as "not available" under the Work and Employment Incentives Program, and the others were classified as "not participating."
17. There were increases in benefits under the Financial Support Program on March 1, 1994. Rates for the Work and Employment Incentives Program as well as associated adjustments changed on October 1, 1993. Quebec makes the adjustments to harmonize its income support programs with its income tax system. The net effect overall was to reduce benefits for the single employable person and the couple with two children. The value of the Quebec Sales Tax Credit once listed separately now is incorporated in basic welfare assistance.



18. Quebec requires a parental contribution from the parents of certain employable individuals. It is possible that the actual assistance would be lower than the rates indicated here if the recipient were deemed to receive a parental contribution as defined by Quebec law.
19. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family and the two-parent family were entitled to a maximum monthly subsidy of \$90.
20. Quebec varies the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.
21. This is the combined amount of the Quebec family allowance and the Allowance for Young Children.
22. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$90 is included as well.
23. This is the Quebec family allowance.
24. The figures were based on rate changes which took effect in April 1993 for both the Family Benefits program and General Welfare Assistance. Maximum monthly allowances for two-adult households were reduced in June 1994.
25. This represents the combined amounts of the Ontario Sales Tax and Property Tax Credits. The Property Tax Credit was calculated on the following annual shelter costs: \$4,968 for a single person, \$7,824 for the single-parent family and \$9,216 for the two-parent family; these correspond to the maximum shelter benefits payable in each case.
26. Assistance for a single disabled person was based on the GAINS-D (Guaranteed Annual Income System for the Disabled) rates. The rates were increased on April 1, 1993.
27. This is the winter clothing allowance of \$105 for each dependent child.
28. This is the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 a child paid on behalf of the dependent children of General Welfare Assistance recipients.

29. Rates of assistance for single employable recipients no longer increase by \$30 a month as of the seventh month on assistance, and the maximum rate for shelter was reduced by \$14 a month as of January 1, 1994.
30. Winnipeg provided a Christmas allowance of \$13.60 per single person or \$38.35 per family of four.
31. These are the Manitoba Cost of Living and Property Tax Credits. Recipients of provincial welfare no longer receive the credits. They are incorporated into the monthly assistance rates.
32. This is the disability benefit of \$70 a month.
33. Rates of assistance were last changed in Saskatchewan on July 1, 1993.
34. An additional allowance of \$40 a month for people with disabilities is included in the total. The total also includes a special care allowance of \$25 a month for disabled recipients to pay for tasks they are unable to perform themselves.
35. The rates of assistance have been reduced by the value of the former federal family allowance (\$34.88 a month for each child). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates. Low-income families are eligible for supplements from the Family Income Plan, but the benefits are already incorporated within the welfare rates indicated here.
36. This represents an amount for education-related expenses: \$100 for children aged 14 and over and \$60 for children between the ages of six and 13.
37. Alberta reduced its rates of assistance on October 1, 1993. The single employable person, the single-parent family and the two-parent family were under the Employment and Training Support program, and the single disabled person was under the Assured Support program.
38. Beginning in February 1994, Alberta provides a supplement of \$20 a month to persons categorized as Assured Support. Persons who are severely and permanently disabled and whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program (\$810 a month) are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.



39. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.
40. The figures incorporate increases that took effect on March 1, 1994.
41. This is a Christmas allowance of \$35 for a single person or \$70 a family plus \$10 for each child in the family.
42. This figure represents the combined amount of the Christmas allowance of \$90 and school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.
43. The last rate increases in Yukon were on April 1, 1991.
44. This represents the combined amounts of the Christmas allowance of \$30 a person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
45. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$70 a month if they are considered to be "permanent exclusions from the labour force."
46. In addition to the Christmas and winter clothing allowances, a weekly amount of \$6 for babysitting was included in the special assistance for the single-parent family.
47. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
48. Basic social assistance in the Northwest Territories was calculated using the maximum shelter costs actually paid for welfare households in Yellowknife. The single employable person and the disabled person lived in bachelor suites, while the two families with children lived in two-bedroom apartments. The last increase in benefits was an increase in food allowances for certain categories of recipients as of October 1, 1993.
49. This is the disabled allowance of \$125 a month.

### Adequacy of Benefits

Many of the incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1994. The results are shown in Table 3.

Each year, the federal agency calculates low income cut-offs for households of different sizes living in communities of different sizes. They approximate levels of gross income where people are forced to spend disproportionate amounts of their incomes on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with total incomes of \$3,283 in 1994 were poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

Some provinces also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, Prince Edward Island and Ontario are two provinces where welfare incomes are closer to the poverty lines than elsewhere, although still substantially below the lines. Some of the rates in other provinces, especially rates for single employables, are far



below the lines. Welfare incomes which reach only one-quarter or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date.

Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1994. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the cut-offs.

Column 2 indicates the poverty lines - the low income cut-offs of Statistics Canada (1986 base) - for the largest city in each province. The poverty gap - or difference between total income and the poverty lines - is indicated in Column 3. Column 4 represents total welfare income as a percentage of the poverty line - that is, welfare income divided by the poverty line.

Welfare incomes for single employable people were by far the least adequate, ranging from 24 percent of the poverty line in New Brunswick to 56 percent of the poverty line in Prince Edward Island. Benefits for single disabled people fell between 44 percent of the line in Alberta and 76 percent in Ontario. Welfare incomes for single-parent families ranged from a low of 52 percent in Alberta to a high of 80 percent in Ontario. Finally, the incomes of two-parent families with two children fell between 46 percent of the poverty line in New Brunswick and 72 percent in Ontario.

On the whole, the adequacy of benefits has not improved significantly since the calculation of rates for 1986 in The Tangled Safety Net.

**TABLE 3**  
**ADEQUACY OF BENEFITS, 1994**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>NEWFOUNDLAND</u></b>				
Single Employable	4,525	13,596	-9,071	33%
Disabled Person	8,546	13,596	-5,050	63%
Single Parent, One Child	12,993	18,430	-5,437	70%
Couple, Two Children	14,834	26,969	-12,135	55%
<b><u>PRINCE EDWARD ISLAND</u></b>				
Single Employable	7,388	13,282	-5,894	56%
Disabled Person	9,202	13,282	-4,080	69%
Single Parent, One Child	12,586	18,004	-5,418	70%
Couple, Two Children	18,831	26,348	-7,517	71%
<b><u>NOVA SCOTIA</u></b>				
Single Employable	6,103	13,596	-7,493	45%
Disabled Person	8,806	13,596	-4,790	65%
Single Parent, One Child	12,273	18,430	-6,157	67%
Couple, Two Children	15,120	26,969	-11,849	56%
<b><u>NEW BRUNSWICK</u></b>				
Single Employable	3,283	13,596	-10,313	24%
Disabled Person	8,325	13,596	-5,271	61%
Single Parent, One Child	10,518	18,430	-7,912	57%
Couple, Two Children	12,524	26,969	-14,445	46%
<b><u>QUEBEC</u></b>				
Single Employable	6,199	15,479	-9,280	40%
Disabled Person	8,312	15,479	-7,167	54%
Single Parent, One Child	13,097	20,981	-7,884	62%
Couple, Two Children	16,104	30,708	-14,604	52%

**TABLE 3 (Continued)**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>ONTARIO</u></b>				
Single Employable	8,554	15,479	-6,925	55%
Disabled Person	11,757	15,479	-3,722	76%
Single Parent, One Child	16,834	20,981	-4,147	80%
Couple, Two Children	22,210	30,708	-8,498	72%
<b><u>MANITOBA</u></b>				
Single Employable	6,841	15,479	-8,638	44%
Disabled Person	8,227	15,479	-7,252	53%
Single Parent, One Child	11,336	20,981	-9,645	54%
Couple, Two Children	19,745	30,708	-10,963	64%
<b><u>SASKATCHEWAN</u></b>				
Single Employable	5,959	13,596	-7,637	44%
Disabled Person	8,515	13,596	-5,081	63%
Single Parent, One Child	12,094	18,430	-6,336	66%
Couple, Two Children	17,448	26,969	-9,521	65%
<b><u>ALBERTA</u></b>				
Single Employable	4,927	15,479	-10,552	32%
Disabled Person	6,770	15,479	-8,709	44%
Single Parent, One Child	10,811	20,981	-10,170	52%
Couple, Two Children	17,215	30,708	-13,493	56%
<b><u>BRITISH COLUMBIA</u></b>				
Single Employable	6,764	15,479	-8,715	44%
Disabled Person	9,504	15,479	-5,975	61%
Single Parent, One Child	13,561	20,981	-7,420	65%
Couple, Two Children	17,656	30,708	-13,052	57%



## **Welfare and Average Incomes**

The low level of financial support provided by social assistance is also evident when measured against average incomes. Welfare provides only a small part of the income that most Canadians would consider normal or reasonable.

Table 4 on the next page compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages are 1994 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1993. For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 15 percent to 38 percent of the average income received by single people under 65. The disabled person on welfare got 28 to 47 percent of the average. Single-parent families had 42 to 66 percent of average incomes, but it is worth noting that average incomes for single-parent families in general are far below average incomes for couples with children. The two-parent family on welfare had between 24 and 38 percent of average incomes.

**TABLE 4**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,  
BY FAMILY TYPE AND PROVINCE, 1994**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>NEWFOUNDLAND</u></b>			
Single Employable	4,525	19,544	23%
Disabled Person	8,546	19,544	44%
Single Parent, One Child	12,993	-----	---
Couple, Two Children	14,834	45,968	32%
<b><u>PRINCE EDWARD ISLAND</u></b>			
Single Employable	7,388	19,373	38%
Disabled Person	9,202	19,373	47%
Single Parent, One Child	12,586	-----	---
Couple, Two Children	18,831	50,147	38%
<b><u>NOVA SCOTIA</u></b>			
Single Employable	6,103	23,547	26%
Disabled Person	8,806	23,547	37%
Single Parent, One Child	12,273	19,474	63%
Couple, Two Children	15,120	54,319	28%
<b><u>NEW BRUNSWICK</u></b>			
Single Employable	3,283	21,363	15%
Disabled Person	8,325	21,363	39%
Single Parent, One Child	10,518	19,736	53%
Couple, Two Children	12,524	52,653	24%
<b><u>QUEBEC</u></b>			
Single Employable	6,199	22,527	28%
Disabled Person	8,312	22,527	37%
Single Parent, One Child	13,097	24,485	53%
Couple, Two Children	16,104	54,237	30%

**TABLE 4 (Continued)**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>ONTARIO</u></b>			
Single Employable	8,554	28,884	30%
Disabled Person	11,757	28,884	41%
Single Parent, One Child	16,834	25,650	66%
Couple, Two Children	22,210	65,349	34%
<b><u>MANITOBA</u></b>			
Single Employable	6,841	22,145	31%
Disabled Person	8,227	22,145	37%
Single Parent, One Child	11,336	25,129	45%
Couple, Two Children	19,745	54,995	36%
<b><u>SASKATCHEWAN</u></b>			
Single Employable	5,959	22,789	26%
Disabled Person	8,515	22,789	37%
Single Parent, One Child	12,094	21,281	57%
Couple, Two Children	17,448	52,721	33%
<b><u>ALBERTA</u></b>			
Single Employable	4,927	23,976	21%
Disabled Person	6,770	23,976	28%
Single Parent, One Child	10,811	25,982	42%
Couple, Two Children	17,215	60,438	28%
<b><u>BRITISH COLUMBIA</u></b>			
Single Employable	6,764	26,749	25%
Disabled Person	9,504	26,749	36%
Single Parent, One Child	13,561	26,255	52%
Couple, Two Children	17,656	64,469	27%



## **Provincial and Territorial Benefits Over Time**

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 5 summarizes the ups and downs of recent years.

The figures for 1994 consist of benefits taken from Table 2 that are exclusively within provincial and territorial jurisdiction - in other words, total welfare incomes minus the federal Child Tax Benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1994 dollars to factor out the effects of inflation and to show the real purchasing power of welfare and related benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 and 1989 through 1994 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is limited to 1989 through 1994. The first estimates of welfare incomes in the Northwest Territories were done for 1993, so the only comparisons available are for 1993 and 1994.

Between 1993 and 1994, many welfare recipients saw their purchasing power go down. The largest drops were in Alberta as a result of a deliberate decision in 1993 to reduce rates of assistance. Some of the smaller declines elsewhere occurred because welfare recipients had no guaranteed protection against inflation. The across-the-board declines in welfare incomes of 0.2 percent in Newfoundland and Yukon, for example, came about because the inflation rate grew 0.2 percent between 1993 and 1994, but welfare rates did not change at all.

British Columbia had modest increases in welfare rates for all categories of recipients in 1994, and there were some increases in Nova Scotia, New Brunswick and Quebec.

For the period from 1986 to 1994, there were major losses in Alberta and reasonably consistent gains in Quebec, Ontario and British Columbia. The long-term gains in Ontario, however, will be all but wiped out by the sharp cuts in welfare rates ordered by the new provincial government after the 1995 election.

The largest declines in welfare incomes through 1994 occurred in Alberta, but they were by no means consistent from one year to the next. There were losses in the years prior to 1991, significant increases in 1991 as a result of provincial welfare reform, and actual cuts in benefits as of late 1993. The single employable person saw a drop of 40.3 percent in welfare and other provincial benefits between 1986 and 1994, the single-parent family experienced a drop of 20.8 percent, and the couple with children was down 16.1 percent.

The most significant increase over the years occurred in Quebec in the rate for the single employable person. That came about as a result of reforms that raised welfare rates for single employable people under 30 to the same level as rates for people 30 and over. In 1989 - prior to the reforms - the rate for single people under 30 had been \$2,220 a year, while the rate for single people 30 and over was \$6,084.

TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1994 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	% Change 1993-1994	% Change 1986-1994
<b>NEWFOUNDLAND</b>									
Single Employable	4,429	4,270	4,249	4,181	4,387	4,335	4,326	-0.2%	-2.3%
Disabled Person		8,602	8,520	8,259	8,438	8,327	8,310	-0.2%	
Single Parent, One Child	11,104	10,871	10,861	10,977	11,422	11,285	11,262	-0.2%	1.4%
Couple, Two Children	12,845	12,576	12,559	12,150	12,361	12,210	12,186	-0.2%	-5.1%
<b>PRINCE EDWARD ISLAND</b>									
Single Employable	8,226	7,956	7,926	7,919	8,029	7,972	7,160	-10.2%	-13.0%
Disabled Person		9,259	9,173	9,038	9,143	9,066	8,952	-1.3%	
Single Parent, One Child	11,340	10,967	11,064	10,971	11,138	11,074	10,860	-1.9%	-4.2%
Couple, Two Children	16,617	16,335	16,349	16,436	16,629	16,504	16,183	-1.9%	-2.6%
<b>NOVA SCOTIA</b>									
Single Employable	6,046	6,738	6,435	6,117	6,022	5,916	5,904	-0.2%	-2.4%
Disabled Person		8,870	8,822	8,690	8,568	8,417	8,568	1.8%	
Single Parent, One Child	10,470	10,782	10,712	10,580	10,575	10,389	10,560	1.6%	0.9%
Couple, Two Children	12,603	13,715	13,117	12,672	12,681	12,497	12,472	-0.2%	-1.0%
<b>NEW BRUNSWICK</b>									
Single Employable	2,980	3,223	3,177	3,108	3,109	3,066	3,084	0.6%	3.5%
Disabled Person		8,444	8,319	8,073	8,078	8,028	8,096	0.8%	
Single Parent, One Child	8,950	8,737	8,608	8,412	8,470	8,497	8,844	4.1%	-1.2%
Couple, Two Children	9,682	9,452	9,299	9,208	9,504	9,531	9,876	3.6%	2.0%



**TABLE 5 (Continued)**

	1986	1989	1990	1991	1992	1993	1994	% Change 1993-1994	% Change 1986-1994
<b>QUEBEC</b>									
Single Employable	3,137	4,028	5,721	5,938	6,114	6,132	6,000	-2.2%	91.3%
Disabled Person		7,242	7,518	7,729	7,962	7,960	8,088	1.6%	
Single Parent, One Child	10,555	9,787	10,437	9,547	10,835	11,287	11,528	2.1%	9.2%
Couple, Two Children	13,642	12,781	12,516	12,879	13,311	13,707	13,524	-1.3%	-0.9%
<b>ONTARIO</b>									
Single Employable	6,704	7,204	7,871	8,075	8,350	8,323	8,326	0.0%	24.2%
Disabled Person		10,401	11,104	11,344	11,528	11,463	11,466	0.0%	
Single Parent, One Child	12,006	12,928	14,499	14,849	15,113	15,091	15,098	0.0%	25.8%
Couple, Two Children	14,944	16,314	19,024	19,370	19,784	19,734	19,562	-0.9%	30.9%
<b>MANITOBA</b>									
Single Employable	6,651	6,898	6,993	6,906	7,044	7,054	6,642	-5.8%	-0.1%
Disabled Person		7,501	7,409	7,283	8,952	8,062	7,997	-0.8%	
Single Parent, One Child	10,276	10,066	9,952	9,782	10,830	9,716	9,636	-0.8%	-6.2%
Couple, Two Children	15,569	16,337	17,590	17,590	18,096	16,805	17,097	1.7%	9.8%
<b>SASKATCHEWAN</b>									
Single Employable	5,568	5,570	5,448	5,284	5,483	5,772	5,760	-0.2%	3.5%
Disabled Person		9,076	8,796	8,454	8,374	8,297	8,280	-0.2%	
Single Parent, One Child	11,424	11,376	11,060	10,643	10,517	10,402	10,381	-0.2%	-9.1%
Couple, Two Children	16,026	15,785	15,338	14,738	14,977	14,772	14,800	0.2%	-7.7%

**TABLE 5 (Continued)**

	1986	1989	1990	1991	1992	1993	1994	% Change 1993-1994	% Change 1986-1994
<b>ALBERTA</b>									
Single Employable	7,923	5,504	5,254	5,713	5,753	5,423	4,728	-12.8%	-40.3%
Disabled Person		6,807	6,498	6,841	6,793	6,595	6,568	-0.4%	
Single Parent, One Child	11,601	10,321	9,853	10,336	10,306	9,896	9,192	-7.1%	-20.8%
Couple, Two Children	17,248	15,206	14,516	15,998	16,010	15,421	14,472	-6.2%	-16.1%
<b>BRITISH COLUMBIA</b>									
Single Employable	5,659	6,207	6,350	6,247	6,434	6,456	6,565	1.7%	16.0%
Disabled Person		8,565	8,866	8,659	9,033	9,095	9,255	1.8%	
Single Parent, One Child	10,192	11,212	11,338	11,107	11,600	11,642	11,826	1.6%	16.0%
Couple, Two Children	13,921	14,004	14,110	13,780	14,677	14,764	15,008	1.6%	7.8%
<b>YUKON</b>									
Single Employable	6,725	8,115	8,217	8,080	8,053	7,911	7,895	-0.2%	17.4%
Disabled Person		9,077	9,136	8,950	8,910	8,752	8,735	-0.2%	
Single Parent, One Child	12,077	13,413	13,504	13,385	13,374	13,138	13,112	-0.2%	8.6%
Couple, Two Children	18,503	20,135	20,014	20,006	20,160	19,805	19,765	-0.2%	6.8%
<b>NORTHWEST TERRITORIES</b>									
Single Employable						11,327	11,304	-0.2%	
Disabled Person						12,830	12,804	-0.2%	
Single Parent, One Child						19,202	19,164	-0.2%	
Couple, Two Children						22,725	22,716	0.0%	

## Earnings Exemptions

The figures in the tables above do not take into account the fact that welfare incomes may be increased by personal earnings. Each province and territory allows welfare recipients to retain a certain amount - a flat-rate sum and/or a percentage of earnings - without any reduction in their welfare cheques. These extra amounts were not included in the tables because it is not certain that recipients would actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Allowable earnings exemptions in each province and territory are presented in Table 6. The exemptions vary by family size and sometimes by employability. All provinces recognize work-related expenses, including child care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs from their earnings. In effect, that means that the actual earnings exemptions in some provinces are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

While provinces and territories are free to set their earnings exemption levels, they are expected to fall within federal parameters. Prior to October 1985, the federal government would not allow cost-sharing for provincial earnings exemptions which exceeded the following levels: for a single person, the greater of \$95 or 25 percent of the amount of social assistance to which the person would be entitled if he or she had no income; for a family, the greater of \$190 or 25 percent of social assistance plus the family allowance and the refundable child tax credit benefits to which the household would be entitled if it had no income.

In 1985, the federal government made special provision for cost-sharing in welfare programs with enhanced earnings exemptions. The initiative was part of the "four-corner agreements" involving the federal Ministers of Health and Welfare and Employment and Immigration and their respective provincial and territorial counterparts. The purpose of these agreements was to promote the participation of employable welfare recipients in the labour market.

Enhanced earnings exemptions are important because they provide a means for welfare recipients to improve (at least marginally) the quality of their lives. These exemptions also



encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

On the other hand, there is always the danger that provinces and territories will opt for higher earnings exemptions as a substitute for increases in basic welfare rates. In our view, that would be an abuse of the system, because it would deny adequate levels of support to welfare recipients who failed to obtain some kind of paying job through no fault of their own.

**TABLE 6**

**MONTHLY EARNINGS EXEMPTIONS LEVELS AS OF JANUARY 1994**

	Unemployable	Employable
Newfoundland <sup>1</sup>	<p>For adults on social assistance for reasons other than unemployment (excluding disability), \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>For families on social assistance for reasons other than unemployment, \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>For a disabled adult, up to \$95 a month</p> <p>For a family with disabled member(s), up to \$190 a month</p>	<p>For adults who are unemployed, 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>For unemployed families, 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island <sup>2</sup>	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	Same
Nova Scotia <sup>3</sup>	<p>For single persons, \$100 + 25% of gross earnings or vocational training allowances</p> <p>For families, \$200 + 25% of gross earnings or vocational training allowances</p> <p>For single people with disabilities who are in an approved education program, \$275 + 25% of monthly training allowances</p>	<p>\$50 single person<sup>4</sup></p> <p>\$100 family<sup>4</sup></p>

**TABLE 6 (Continued)**

	Unemployable	Employable
New Brunswick	<p>\$150 single person</p> <p>\$200 family</p>	<p>\$150 single person</p> <p>\$200 family</p> <p>Where a recipient has been designated as having high employment potential, exemptions are increased for one person by an additional monthly amount of \$250 for two months. Exemptions for a family are increased by an additional monthly amount of \$200 for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p>
Quebec <sup>5</sup>	<p>\$100 single person or family</p>	<p>\$174 single person</p> <p>\$60 single parent</p> <p>\$212 two-parent family</p>
Ontario <sup>6</sup>	<p>\$160 + 25 % over \$160 of net earnings for a single disabled person<sup>7</sup></p> <p>\$185 + 25 % over \$185 of net earnings for a family with at least one disabled beneficiary<sup>7</sup></p> <p>\$120 + 25 % over \$120 of net earnings for a single-parent family</p>	<p>\$50 + 25 % over \$50 of net earnings for a single person</p> <p>\$100 + 25 % over \$100 of net earnings for a two-parent family</p> <p>\$120 + 25 % over \$120 of net earnings for a single-parent family</p>



**TABLE 6 (Continued)**

	Unemployable	Employable
Manitoba	<p>The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings.</p> <p>For newly enrolled applicants, students and self-employed persons, \$50 a month up to \$600 a year</p>	<p>\$95 single person</p> <p>\$130 household of two persons<sup>8</sup></p>
Saskatchewan <sup>9</sup>	<p>First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person</p> <p>First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled</p>	<p>First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled</p> <p>First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled</p>
Alberta	<p>\$115 plus 25% of net income over \$115<sup>10</sup></p> <p>\$100 a month</p>	Same
British Columbia <sup>11</sup>	<p>\$200 a month for recipients with dependents</p> <p>\$200 a month for recipients of Handicapped Benefits (Recipients may choose to be classified as employable if they would benefit from the enhanced earnings exemption.)</p>	\$100 for single person and \$200 for recipients with dependents (Employable recipients are eligible for an additional exemption of 25% of net earnings over these flat-rate amounts.) <sup>12</sup>
Northwest Territories	<p>\$50 (no dependents)</p> <p>\$100 (dependents)</p>	Same

**TABLE 6 (Continued)**

	Unemployable	Employable
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week); earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependents or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more<sup>13</sup></p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p>	Same

## NOTES TO TABLE 6

1. Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.
2. The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum exemption of \$50 a month may be allowed against income that is derived on an irregular basis and is considered non-insurable under the Unemployment Insurance Act. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries use their own vehicles to travel to and from work.
3. There is a total exemption of earned income for the first month of full-time employment. Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.
4. These are the earnings exemptions for the City of Halifax.
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "not available" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "not participating" category of the program. People who have received welfare benefits from either program for three consecutive months and then find a job or enter a training program can have all earnings or training allowances exempted for one month. This enhanced benefit can be claimed only once in any six-month period.
6. These earnings exemptions are part of the Supports To Employment Program (STEP), a series of measures designed to encourage participation in the paid labour force. Ontario allows deductions for child care expenses up to the actual amount for licensed care and up to \$390 a month for children under six and \$346 for children six through 12 for unlicensed care. As of August 1992, the basic and supplementary exemptions are no longer allowable for the purpose of determining eligibility for welfare for the first three months of assistance; they apply only from the fourth month of assistance.
7. Persons with disabilities eligible for GAINS-D (Guaranteed Annual Income System for the Disabled) are entitled to an additional deduction of up to \$140 a month for work expenses related to their disabilities.



8. These are the earnings exemptions for the City of Winnipeg.

9. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment.

10. Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$165 a month plus 25 percent of additional earnings.

11. The figures indicated here are exemptions on earnings. There is also a set of exemptions that apply to other forms of income such as maintenance payments and training allowances.

12. The flat-rate exemption on net earned income is applied only after people have received full or partial benefits for more than three consecutive months. The enhanced exemption of 25 percent may be claimed for 12 months during a three-year period, with the possibility of a six-month extension. However, disabled persons are eligible indefinitely for the enhanced exemption.

13. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.

## **Conclusion**

Welfare is a degrading experience for the vast majority of recipients. Applicants have to exhaust almost all their liquid assets to qualify for help. Welfare entitlements are determined by a labyrinth of rules and regulations that may or may not make sense. "Need" is as much a dictate of governments as it is a reflection of the cost of the necessities of life. The huge amount of discretion in the system makes it almost impossible to know whether people are being treated fairly.

The income provided by most provincial and territorial welfare programs is grossly inadequate for the vast majority of recipients. Yet some welfare recipients have actually seen their incomes decline in recent years, and the situation is likely to deteriorate further as all levels of government tighten their purse strings.

The National Council of Welfare has long been concerned about governments seeking to save money at the expense of the poor. Our 1990 report The Canada Assistance Plan: No Time for Cuts strongly criticized the federal government for proceeding with plans to limit its cost-sharing of welfare and social services in Ontario, Alberta and British Columbia. Much of that criticism was repeated and amplified in our report earlier this year on the proposed new Canada Health and Social Transfer entitled The 1995 Budget and Block Funding.

Welfare is the social safety net of last resort for people who have exhausted other sources of income. If the federal government proceeds with reductions in its support for provincial and territorial welfare programs, the real losers will be the children, women and men on welfare who are already among the poorest of the poor in Canada.

**APPENDIX**

<b>ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY</b>			
Province or Territory	March 31, 1993	March 31, 1994	Increase or Decrease
Newfoundland	68,100	67,400	-1.0 %
Prince Edward Island	12,600	13,100	4.0 %
Nova Scotia	98,700	104,000	5.4 %
New Brunswick	78,100	73,500	-5.9 %
Quebec	741,400	787,200	6.2 %
Ontario	1,287,000	1,379,300	7.2 %
Manitoba	88,000	89,300	1.5 %
Saskatchewan	68,200	81,000	18.8 %
Alberta	196,000	138,500	-29.3 %
British Columbia	323,300	353,500	9.3 %
Yukon	2,500	2,400	-4.0 %
Northwest Territories	11,100	11,000	-0.9 %
CANADA	2,975,000	3,100,200	4.2 %

SOURCE: Human Resources Development Canada



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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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# Welfare Incomes 1995

A Report by the  
National Council of Welfare



Winter 1996-97

Canada



**WELFARE INCOMES 1995**

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National Council of Welfare**

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## **FOREWORD**

This report is the eighth of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1995 for four types of households: a single employable person, a single person with a disability, a single-parent family with a child aged two, and a two-parent family with two children aged ten and 15. Similar estimates were published in Welfare in Canada: The Tangled Safety Net and previous versions of Welfare Incomes for the years 1989 through 1994.

The National Council of Welfare is grateful to officials of provincial and territorial governments for taking the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and co-operation of the Social Program Information and Analysis Division of the Social Policy Directorate in Human Resources Development Canada.

All eight reports show that welfare incomes in all parts of Canada fall well below the poverty line. They also represent only a small fraction of average incomes. And yet, with very few exceptions, welfare benefits were frozen or decreased during 1995 for all household types covered in this report throughout Canada.

For many years, the federal government paid a share of the cost of welfare and social services under the terms of the Canada Assistance Plan or CAP. In its 1995 budget, the federal government announced its intention to replace CAP as of April 1, 1996, with the Canada Health and Social Transfer. The CHST is a block fund covering medicare and post-secondary education as well as welfare and social services. Ottawa's support for these important programs taken together will decrease by 9.4 percent in the 1996-97 fiscal year and by a further 6.7 percent in 1997-98.

## **What is Welfare?**

Social assistance or welfare is the income program of last resort in Canada. It provides financial assistance to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

In 1995, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. In April 1996, CAP was replaced by the Canada Health and Social Transfer.

Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada - one in each province and territory. Some would say there are hundreds of welfare systems, because of the leeway allowed to municipalities which run welfare programs in Nova Scotia, Ontario and Manitoba.

Despite the fact that each of the 12 main welfare systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts recipients are allowed to keep from outside earnings, and the way in which applicants and recipients may question decisions regarding their cases.

## **Eligibility**

Eligibility for welfare is based on some general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions may qualify for assistance in some provinces only if they meet stringent conditions. In other provinces, they cannot apply for assistance without leaving their studies. Single parents must try to secure any court-ordered maintenance support to which they are entitled. Individuals who are disabled require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once the administrative conditions are met, each applicant goes through a "needs test." This test compares the budgetary needs of an applicant and any dependents with the assets and

income of the household; needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a client household's non-exempted financial resources are less than the cost of regularly recurring needs, that is, food, shelter, household and personal needs (and special needs, in some jurisdictions).

First of all, applicants' fixed and liquid assets are examined. In most provinces, fixed assets like a principal residence, furniture and clothing are considered exempt. Most provinces also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempted liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces) appear in Table 1 below. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels which were in effect in January 1995. During 1995, there were no significant changes in liquid asset exemption policies except in New Brunswick and British Columbia. New Brunswick increased its exemption levels in May and British Columbia decreased its levels in October. Both of these policy changes will be included in the 1996 edition of this report.



TABLE 1

## LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1995

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Newfoundland	\$2,500	\$5,000	\$3,000	\$40	\$100
Prince Edward Island	**1	\$1,200	\$900	\$50 <sup>2</sup>	\$50 <sup>2</sup>
Nova Scotia	\$1,500 <sup>3</sup>	\$2,500	\$3,000	Municipalities generally require liquid assets to be expended to meet basic needs.	
New Brunswick	\$500	\$1,000	\$1,000	\$500	\$1,000
Quebec	**4	**4	\$2,500	\$1,500	\$2,500 <sup>5</sup>
Ontario				Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance <sup>6</sup>	
	\$2,500 <sup>6</sup>	\$5,000 <sup>6</sup>	\$3,000 <sup>6</sup>	Assets equal to 1-2 weeks' assistance may be exempted (or 1-3 months' assistance in the case of a temporarily unemployable person). Maximum exemptions (\$2,500 for single and \$5,000 for a couple plus \$500 per dependent) may apply to households to be transferred to long-term assistance.	
				Assets equal to 1-3 months' assistance.	

**TABLE 1 (Continued)**

	Unemployable			Employable		
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family	
Manitoba	\$1,000	\$2,000	\$2,000	0 <sup>7</sup>	0 <sup>7</sup>	
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 <sup>8</sup>	
Alberta	\$1,500	\$2,500	\$1,500 <sup>9</sup>	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets	
British Columbia	\$2,500 <sup>10</sup>	\$5,000 <sup>11</sup>	\$3,000	\$2,500	\$5,000 <sup>11</sup>	
Northwest Territories	The value of any assets that should not be converted into cash for sound social or economic reasons (in the Director's opinion) is exempt from the inclusion as a personal resource.					
Yukon	\$500	\$1,800	\$1,500	\$100 <sup>12</sup>	\$200 <sup>12</sup>	

## NOTES TO TABLE 1

1. Single applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and \$1,200 to \$2,400 for a person with dependents, based on family size.
3. This exemption applies to single elderly persons who are not eligible for the Old Age Security Pension. Single applicants would not be considered unemployable unless they were disabled.
4. Applicants do not qualify for higher "unemployable" asset exemptions unless they are disabled as defined under the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption.
5. An additional \$147 is exempt for each dependent child under 18 (or over 18 attending secondary school).
6. The Director may allow households applying for or in receipt of Family Benefits or General Welfare Assistance to exceed the maximum exemption level where savings will be used for an item deemed to be necessary for the well-being of a member of the household (for example, a specially equipped van or an electric wheelchair).
7. In Winnipeg, which covers over 90 percent of the province's municipal assistance caseload, applicants are allowed no asset exemption; however, once a person or family has qualified for assistance, an exemption of \$400 per person to a maximum of \$2,000 per household is allowed. The provincially established Municipal Assistance Regulation does not require municipalities to grant any asset exemptions.
8. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
9. A severely and permanently disabled single person who has high needs because of the costs of personal support services is allowed an exemption of up to \$3,000. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped program (no asset test) instead of welfare.



10. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000.
11. The level of \$5,000 applies to a person under age 55 with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
12. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

After the examination of fixed and liquid assets, the household's income from various sources is identified. Some types of income, such as the federal Child Tax Benefit and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Income from other sources such as employment, pensions and unemployment insurance is considered fully or partially available for support of the household.

Total non-exempt income is subtracted from the total needs of the household. Applicants qualify for welfare if the household's needs exceed its resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, no province or territory had replaced its needs test.

### **Rates of Assistance**

Every province and territory uses a different method of calculating basic social assistance, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Assistance may be provided as cash or "in kind" in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special needs item, because they are able to provide for other basic needs from their own resources. In such a case, the province or

territory may grant the specific amount that the household requires, provided that the applicant is eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

In Ontario, municipalities may make special assistance available for households that require financial help only for designated special needs. The fact that municipalities are not required to grant such assistance has created hardship for many low-income individuals and families with special needs. Since October 1991, the costs of necessary medical transportation, surgical supplies and dressings, and diabetic supplies are classified as "special necessities." The designation means that these items must be provided to all welfare recipients who qualify - even those living in municipalities which do not normally provide this kind of benefit. The Ontario government agreed to pick up a larger share of the cost of these items from municipal governments.

All across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On the one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 2 presents a national picture of estimated welfare incomes for 1995. The incomes are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with one two-year-old child and a two-parent family with two children ten and 15 years of age. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1995, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates of what a particular family or a single person might receive. Because welfare is such a highly individualized



program of income support, every client is potentially eligible for a different amount of financial assistance on the basis of the circumstances of his or her household.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits where an employable client refuses a reasonable job offer, or quits a job without just cause.

At the same time, these figures are minimum amounts in that they do not generally include special needs assistance to which a given household may be entitled, such as costs related to a disability in the family or the cost of searching for a job.

### **Basic Social Assistance**

Column 1 represents the basic social assistance to which eligible households are entitled. Basic assistance generally includes an amount for food, clothing, shelter, utilities, and personal and household needs.

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions concerning client households have to do with the place of residence, the ages of the children, the employability of the household head, the type of housing and the case history.

#### **a. place of residence**

The rates of social assistance shown for any given province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Client households living in smaller municipalities often receive lower benefits

because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Supplements are offered in some provinces to compensate welfare households living in remote areas for higher living costs.

#### **b. ages of children**

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years of age and the children in the two-parent family are ten and 15 years old. This is because some provinces vary a family's entitlement with the age of each child in the household.

#### **c. employability of the household head**

In Table 2, short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province.

#### **d. type of housing**

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that there was no sharing of accommodation. In all provinces, actual welfare entitlements are reduced when client households live in subsidized housing or when housing is shared.

Where shelter allowances do not include the cost of utilities, the latter were added to the shelter rates. Maximum shelter rates were used in all jurisdictions.

In the Northwest Territories, however, there are no maximum rates for shelter. Actual rents are paid, and these vary widely in the North. For the single employable person and the single person with a disability, basic welfare assistance was calculated using the highest rent and

utilities actually paid for a bachelor suite in Yellowknife. For the two families with children, the calculation was done using the highest rent and utilities actually paid for a two-bedroom apartment in Yellowknife. Because of the way the figures for the Northwest Territories are calculated, they are not directly comparable with figures for welfare programs which have ceilings on rent.

#### **e. case history**

In order to "annualize" the rates for this report, we assumed that these client households started receiving welfare on January 1, 1995, and remained on assistance throughout the entire calendar year.

The calculations of basic social assistance were done month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates. For example, Ontario decreased its welfare rates on October 1, 1995, so the Ontario calculations for 1995 are made up of nine months of welfare at the old rate and three months at the new rate.

We further assumed that welfare households did not have any income from paid work during the time they were on assistance.

#### **Special Assistance**

Two kinds of assistance may be provided for special needs. First, there are supplementary allowances paid automatically to clients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts which appear in the second column in Table 2. Examples of this type of special assistance include: extra assistance for disabled persons, money for school expenses, winter clothing allowances for families with children, and Christmas allowances. The footnotes explain the nature of the special assistance in each jurisdiction.

Second, there are "one-time" special needs, which include items such as funeral expenses, moving costs or emergency home repairs. This type of special assistance is not included in this



report, because the special needs are established on a case-by-case basis. Decisions to provide this type of special assistance are made by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

Special assistance has been incorporated in Column 2 of Table 2 only when it is automatically provided to certain recipients.

### **Child Tax Benefit**

The federal government paid a basic annual benefit of up to \$1,020 in most parts of Canada in 1995 for each child under age 18. The basic benefit in Quebec and Alberta is different at the request of the two provincial governments. In Quebec, payments vary with the age of the child and the number of children in the family. In Alberta, payments vary with the age of the child.

In all provinces and territories, there was a supplementary annual benefit of up to \$213 for each child under age seven.

All provinces and territories except Saskatchewan consider the Child Tax Benefit to be exempt income in the calculation of welfare benefits. Saskatchewan deducts the value of the family allowance component of the Child Tax Benefit (estimated at \$34.88 a month for each child) from its welfare payments. To account for this in Table 2, the rates of assistance in Column 1 for the two households with children in Saskatchewan have been reduced by \$34.88 a month for each child.

### **Provincial Child Benefits**

Quebec provides a family allowance over and above the federal Child Tax Benefit. In addition, it pays a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1995 for the first child under six. Quebec also provides an earnings supplement to low-income workers with children under its Parental Wage

Assistance program. We did not include benefits available from this program in Table 2 because we assumed that welfare households did not have any income from work during the year.

Manitoba and Saskatchewan both offer non-taxable income supplements to low-income families with children. Under the terms of its Child Related Income Support Program, Manitoba provides up to \$30 a month per child. Saskatchewan pays up to \$105 a month for each of the first three children in a family and up to \$95 a month for each additional child under its Family Income Plan. Both of these programs are income-tested, and neither pays supplements to families on welfare above and beyond their welfare entitlements. Benefits from these programs are deemed to be included in Column 1 under basic social assistance.

### **GST Credit**

Column 5 is the federal refundable credit for the Goods and Services Tax. The GST credit is paid quarterly. The four payments received in 1995 added up to a maximum of \$199 for each adult or the first child in a single-parent family. For other dependent children, the total for the year was a maximum of \$105 a child.

Single adults, including single parents, also received an income-tested single person's supplement to a maximum of \$105 in 1995 if their 1994 incomes were between \$6,456 and \$25,921.

Prince Edward Island stopped considering the GST credit as exempt income in June 1994. The result was a dollar-for-dollar reduction in welfare benefits for all categories of recipients equal to the amount of the household's GST credit entitlement for the latter half of the 1994. For 1995, the value of the entire GST credit was deducted from the household's welfare entitlement. Column 5 shows the full amount of the GST credit provided by the federal government, and the basic social assistance in Column 1 has been reduced by the same amount.

### **Provincial Tax Credits**

The tax credits in Column 6 are the Sales and Property Tax Credits in Ontario, the Cost of Living and Property Tax Credits in Manitoba and the Sales Tax Credit in British Columbia. All four categories of welfare recipients were eligible for provincial tax credits in Ontario and in British Columbia. In Manitoba, tax credits are shown only for the single employable person and the couple with two children. The single person with a disability and the single-parent family have the value of their tax credits included with basic social assistance in Column 1.

Earlier editions of Welfare Incomes had a separate listing for the Quebec Sales Tax Credit. The credit now is shown within basic social assistance.



TABLE 2

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD, 1995

	Basic Social Assistance	Additional Benefits	Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>NEWFOUNDLAND<sup>3</sup></b>							
Single Employable <sup>4</sup>	4,326				199		4,525
Disabled Person	6,810	1,500 <sup>5</sup>			236		8,546
Single Parent, One Child	11,262		1,233		494		12,989
Couple, Two Children	12,186		2,040		608		14,834
<b>PRINCE EDWARD ISLAND<sup>6</sup></b>							
Single Employable <sup>7</sup>	5,635				221		5,856
Disabled Person <sup>7</sup>	7,706	1,092 <sup>8</sup>			250		9,048
Single Parent, One Child	10,564		1,233		488		12,285
Couple, Two Children	15,688	175 <sup>9</sup>	2,040		608		18,511
<b>NOVA SCOTIA<sup>10</sup></b>							
Single Employable	5,904				199		6,103
Disabled Person	8,568				240		8,808
Single Parent, One Child	10,560		1,233		478		12,271
Couple, Two Children	12,432	40 <sup>11</sup>	2,040		608		15,120
<b>NEW BRUNSWICK<sup>12</sup></b>							
Single Employable	3,096				199		3,295
Disabled Person	6,408				231		6,639
Single Parent, One Child	8,576	900 <sup>13</sup>	1,233		442		11,151
Couple, Two Children	9,608	1,000 <sup>14</sup>	2,040		608		13,256

**TABLE 2 (Continued)**

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
<b>QUEBEC<sup>15</sup></b>							
Single Employable <sup>16</sup>	6,000				199		<b>6,199</b>
Disabled Person	8,088				229		<b>8,317</b>
Single Parent, One Child	10,200	1,080 <sup>17</sup>	1,082 <sup>18</sup>	248 <sup>19</sup>	495		<b>13,105</b>
Couple, Two Children	12,000	1,219 <sup>20</sup>	1,972 <sup>18</sup>	305 <sup>21</sup>	608		<b>16,104</b>
<b>ONTARIO<sup>22</sup></b>							
Single Employable	7,527				229	370 <sup>23</sup>	<b>8,126</b>
Disabled Person	11,160				293	306 <sup>23</sup>	<b>11,759</b>
Single Parent, One Child	13,860	105 <sup>24</sup>	1,233		503	341 <sup>23</sup>	<b>16,042</b>
Couple, Two Children	17,583	407 <sup>25</sup>	2,040		608	432 <sup>23</sup>	<b>21,070</b>
<b>MANITOBA<sup>26</sup></b>							
Single Employable	5,914	14 <sup>27</sup>			199	531 <sup>29</sup>	<b>6,657</b>
Disabled Person	7,157	840 <sup>28</sup>			230		<b>8,227</b>
Single Parent, One Child	9,636		1,233		462		<b>11,331</b>
Couple, Two Children	16,103	38 <sup>27</sup>	2,040		608	632 <sup>29</sup>	<b>19,422</b>
<b>SASKATCHEWAN<sup>30</sup></b>							
Single Employable	5,760				199		<b>5,959</b>
Disabled Person	7,500	780 <sup>31</sup>			235		<b>8,515</b>
Single Parent, One Child <sup>32</sup>	10,381		1,233		477		<b>12,091</b>
Couple, Two Children <sup>32</sup>	14,643	160 <sup>33</sup>	2,040		608		<b>17,451</b>

**TABLE 2 (Continued)**

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
<b>ALBERTA<sup>34</sup></b>							
Single Employable	4,728				199		<b>4,927</b>
Disabled Person	6,348	240 <sup>35</sup>			201		<b>6,789</b>
Single Parent, One Child	9,192		1,148 <sup>37</sup>		460		<b>10,800</b>
Couple, Two Children	14,472	150 <sup>36</sup>	2,137 <sup>37</sup>		608		<b>17,367</b>
<b>BRITISH COLUMBIA<sup>38</sup></b>							
Single Employable	6,552	35 <sup>39</sup>			200	50 <sup>41</sup>	<b>6,837</b>
Disabled Person	9,252	35 <sup>39</sup>			253	50 <sup>41</sup>	<b>9,590</b>
Single Parent, One Child	11,784	80 <sup>39</sup>	1,233		502	100 <sup>41</sup>	<b>13,699</b>
Couple, Two Children	14,868	190 <sup>40</sup>	2,040		608	200 <sup>41</sup>	<b>17,906</b>
<b>YUKON<sup>42</sup></b>							
Single Employable	7,740	155 <sup>43</sup>			228		<b>8,123</b>
Disabled Person	7,740	1,655 <sup>44</sup>			245		<b>9,640</b>
Single Parent, One Child	12,540	572 <sup>45</sup>	1,233		503		<b>14,848</b>
Couple, Two Children	19,080	685 <sup>46</sup>	2,040		608		<b>22,413</b>
<b>NORTHWEST TERRITORIES<sup>47</sup></b>							
Single Employable	11,304				296		<b>11,600</b>
Disabled Person	11,304	1,500 <sup>48</sup>			304		<b>13,108</b>
Single Parent, One Child	19,164		1,233		503		<b>20,900</b>
Couple, Two Children	22,716		2,040		608		<b>25,364</b>

## NOTES TO TABLE 2

1. The single-parent family with one young child was eligible for \$1,233 (\$1,020 as the basic Child Tax Benefit and \$213 as a supplement for each child under seven). The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources.
2. The GST credit is paid in quarterly installments. In 1995, adults and the first child in a single-parent family received maximum payments of \$49.75 each every three months, and the maximum rate for each additional child was \$26.25 every three months. The special GST supplement for single persons and single-parent families is included in the totals for the year.
3. The last rate increases in Newfoundland were on April 1, 1992. The totals include a fuel allowance of \$51 a month from November through April for households residing on the island portion of the province (\$90 a month for clients in Labrador) and paying their heating bills separately from shelter.
4. These rates apply to single able-bodied persons under age 50. Rates of assistance to persons over 50 are higher. Welfare officials in Newfoundland say that most single employables fall under a board and lodging rate structure (with lower benefit levels) instead of the rates shown here.
5. This is the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.
6. The last rate increases in Prince Edward Island were on July 1, 1992. Since June 1994, the GST credit is not considered exempt income; all figures in the "Basic Social Assistance" column have been reduced by the amount which appears in the "GST Credit" column.
7. In the summer of 1994, the maximum shelter allowance for a single person was reduced from \$480 to \$305 a month; however, the old maximums remain in effect for persons with special housing needs; the "Disabled Person" in Table 2 is deemed to have special housing needs, and is thus eligible for the higher maximum shelter allowance.



8. This is the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.
9. This represents back-to-school benefits of \$100 and \$75 for the children.
10. Nova Scotia last increased its provincial Family Benefits rates for the single disabled person and the single-parent family in April 1994. Rates for municipal recipients (the single employable individual and the two-parent family) are based on Halifax rates that have not gone up since March 1, 1992. Municipal assistance recipients in Halifax often get an additional \$48 a month for work-related transportation, but the allowance is not automatic in all cases.
11. Halifax provides a \$20 per child back-to-school allowance.
12. Rate increases which took effect on September 1, 1995, are included in these figures. The single employable person was classified in the Interim Assistance Program, the single disabled person in the Extended Benefits Program, and the single-parent and two-parent families in the Transitional Assistance Program.
13. This is the Income Supplement Benefit, a shelter subsidy which assists families with children paying high shelter costs; the maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October.
14. This is the combined amount of the Income Supplement Benefit and the School Supplement (\$50 per year per child).
15. The last increases in benefits under the Financial Support Program took place in March 1994. Rates for the Work and Employment Incentives Program were decreased in October 1993. The value of the Quebec Sales Tax Credit, once listed separately, is now included in basic welfare assistance. The single disabled person was classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating".
16. Quebec requires a parental contribution from the parents of certain employable individuals. It is possible that the actual assistance would be lower than the rates indicated here if the recipient were deemed to receive a parental contribution as defined by Quebec law.
17. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family and the two-parent family were entitled to a maximum monthly subsidy of \$90.

18. Quebec varies the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.
19. This is the combined amount of the Quebec family allowance and the Allowance for Young Children.
20. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$90 is included as well.
21. This is the Quebec family allowance.
22. The 21.6 percent rate decrease which took effect in October 1995 for both the Family Benefits Program and General Welfare Assistance (excluding GAINS-D, or the Guaranteed Annual Income System for the Disabled) are included in these figures. Assistance for a single disabled person is based on the GAINS-D rates, which were last increased in April 1993.
23. This represents the combined amount of the Ontario Sales Tax and Property Tax Credits for 1995. The Property Tax Credit was calculated on the following annual shelter costs: \$4,968 for a single person, \$7,824 for the single-parent family and \$9,216 for the two-parent family; these correspond to the maximum shelter benefits payable in 1994 in each case.
24. This is the winter clothing allowance of \$105 for each dependent child.
25. This is the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child paid on behalf of the dependent children.
26. Welfare rates in Manitoba did not change between 1994 and 1995.
27. Winnipeg provided a Christmas allowance of \$13.60 per single person or \$38.35 per family of four.
28. This is the disability benefit of \$70 a month.
29. These are the Manitoba Cost of Living and Property Tax Credits. Recipients of provincial welfare no longer receive the credits. They are incorporated into the monthly assistance rates.
30. Rates of assistance in Saskatchewan were increased on July 1, 1993.

31. An additional allowance of \$40 a month for people with disabilities is included in the total. The total also includes a special care allowance of \$25 a month for disabled recipients to pay for tasks they are unable to perform themselves.
32. The rates of assistance which appear in the first column have been reduced by \$34.88 per month for each child (the value of the former federal family allowance). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates.
33. This represents an amount for education-related expenses: \$100 for children aged 14 and over and \$60 for children between the ages of six and 13.
34. Alberta cut its welfare rates in October 1993. The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program.
35. Since February 1994, Alberta provides a supplement of \$20 a month to any person categorized as Assured Support. Persons who are severely and permanently disabled and whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program (\$810 a month) are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.
36. This is the back-to-school allowance of \$100 per year for each child in junior high school or high school and \$50 per year for each child in elementary school.
37. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.
38. British Columbia increased its rates in March 1994.
39. This is a Christmas allowance of \$35 for a single person or \$70 a family plus \$10 for each child in the family.
40. This figure represents the combined amount of the Christmas allowance of \$90 and school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.



41. This is the B.C. Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 1995 for the 1994 tax year.
42. The last rate increases in Yukon were on April 1, 1991.
43. This represents the combined amounts of the Christmas allowance of \$30 per person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
44. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$125 a month if they are considered to be "permanent exclusions from the labour force."
45. In addition to the Christmas and winter clothing allowances, a weekly amount of \$6 for babysitting was included in the special assistance for the single-parent family.
46. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
47. Basic social assistance in the Northwest Territories was calculated using the maximum shelter costs actually paid for welfare households in Yellowknife. The single employable person and the disabled person lived in bachelor suites, while the two families with children lived in two-bedroom apartments. The last increase in benefits was an increase in food allowances for certain categories of recipients as of October 1, 1993.
48. This is the disability allowance of \$125 a month.



### **Adequacy of Benefits**

Many of the incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1995. The results are shown in Table 3.

Each year, the federal agency calculates low income cut-offs for households of different sizes living in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with total incomes of \$3,295 in 1995 were poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

Some provinces also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, Prince Edward Island and Ontario are two provinces where welfare incomes are closer to the poverty lines than elsewhere, although still substantially below the lines. Some of the rates in other provinces, especially rates for single employables, are far below the

lines. Welfare incomes which reach only one-quarter or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date.

Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1995. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the cut-offs.

Column 2 indicates the poverty lines - the low income cut-offs of Statistics Canada (1986 base) - for the largest city in each province. The poverty gap - or difference between total income and the poverty lines - is indicated in Column 3. Column 4 represents total welfare income as a percentage of the poverty line - that is, welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 1995, ranging from 24 percent of the poverty line in New Brunswick to 51 percent of the poverty line in Ontario. When the October 1995 welfare cuts in Ontario are applied to the whole of 1996, welfare benefits to employable single people will be less than half the poverty line in all provinces.

Benefits for single disabled people were between 43 percent of the line in Alberta and 74 percent in Ontario. Disabled clients in Ontario were exempted from the 21.6 percent welfare cut in October 1995.

Welfare incomes for single-parent families ranged from a low of 50 percent in Alberta to a high of 75 percent in Ontario.

Finally, the incomes of two-parent families with two children fell between 48 percent of the poverty line in New Brunswick and 69 percent in Prince Edward Island. Ontario was second highest at 67 percent.

**TABLE 3**  
**ADEQUACY OF BENEFITS, 1995**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>NEWFOUNDLAND</u></b>				
Single Employable	4,525	13,895	-9,370	33 %
Disabled Person	8,546	13,895	-5,349	62 %
Single Parent, One Child	12,989	18,835	-5,846	69 %
Couple, Two Children	14,834	27,561	-12,727	54 %
<b><u>PRINCE EDWARD ISLAND</u></b>				
Single Employable	5,856	13,574	-7,718	43 %
Disabled Person	9,048	13,574	-4,526	67 %
Single Parent, One Child	12,285	18,399	-6,114	67 %
Couple, Two Children	18,511	26,927	-8,416	69 %
<b><u>NOVA SCOTIA</u></b>				
Single Employable	6,103	13,895	-7,792	44 %
Disabled Person	8,808	13,895	-5,087	63 %
Single Parent, One Child	12,271	18,835	-6,564	65 %
Couple, Two Children	15,120	27,561	-12,441	55 %
<b><u>NEW BRUNSWICK</u></b>				
Single Employable	3,295	13,895	-10,600	24 %
Disabled Person	6,639	13,895	-7,256	48 %
Single Parent, One Child	11,151	18,835	-7,684	59 %
Couple, Two Children	13,256	27,561	-14,305	48 %
<b><u>QUEBEC</u></b>				
Single Employable	6,199	15,819	-9,620	39 %
Disabled Person	8,317	15,819	-7,502	53 %
Single Parent, One Child	13,105	21,442	-8,337	61 %
Couple, Two Children	16,104	31,383	-15,279	51 %

**TABLE 3 (Continued)**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>ONTARIO</u></b>				
Single Employable	8,126	15,819	-7,693	51%
Disabled Person	11,759	15,819	-4,060	74%
Single Parent, One Child	16,042	21,442	-5,400	75%
Couple, Two Children	21,070	31,383	-10,313	67%
<b><u>MANITOBA</u></b>				
Single Employable	6,657	15,819	-9,162	42%
Disabled Person	8,227	15,819	-7,592	52%
Single Parent, One Child	11,331	21,442	-10,111	53%
Couple, Two Children	19,422	31,383	-11,961	62%
<b><u>SASKATCHEWAN</u></b>				
Single Employable	5,959	13,895	-7,936	43%
Disabled Person	8,515	13,895	-5,380	61%
Single Parent, One Child	12,091	18,835	-6,744	64%
Couple, Two Children	17,451	27,561	-10,110	63%
<b><u>ALBERTA</u></b>				
Single Employable	4,927	15,819	-10,892	31%
Disabled Person	6,789	15,819	-9,030	43%
Single Parent, One Child	10,800	21,442	-10,642	50%
Couple, Two Children	17,367	31,383	-14,016	55%
<b><u>BRITISH COLUMBIA</u></b>				
Single Employable	6,837	15,819	-8,982	43%
Disabled Person	9,590	15,819	-6,229	61%
Single Parent, One Child	13,699	21,442	-7,743	64%
Couple, Two Children	17,906	31,383	-13,477	57%



## Welfare and Average Incomes

The low level of financial support provided by social assistance is also evident when measured against average incomes. Welfare provides only a small part of the income that most Canadians would consider normal or reasonable.

Table 4 on the next page compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages are 1995 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1994. For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 15 percent to 31 percent of the average income received by single people under 65. The disabled person on welfare got 25 to 45 percent of the average. Single-parent families had 40 to 58 percent of average incomes, but it is worth noting that average incomes for single-parent families in general are far below average incomes for couples with children. The two-parent family on welfare had between 26 and 35 percent of average incomes.

**TABLE 4**  
**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,**  
**BY FAMILY TYPE AND PROVINCE, 1995**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>NEWFOUNDLAND</u></b>			
Single Employable	4,525	23,722	19%
Disabled Person	8,546	23,722	36%
Single Parent, One Child	12,989	-----	---
Couple, Two Children	14,834	49,870	30%
<b><u>PRINCE EDWARD ISLAND</u></b>			
Single Employable	5,856	22,231	26%
Disabled Person	9,048	22,231	41%
Single Parent, One Child	12,285	-----	---
Couple, Two Children	18,511	52,759	35%
<b><u>NOVA SCOTIA</u></b>			
Single Employable	6,103	19,446	31%
Disabled Person	8,808	19,446	45%
Single Parent, One Child	12,271	21,131	58%
Couple, Two Children	15,120	54,888	28%
<b><u>NEW BRUNSWICK</u></b>			
Single Employable	3,295	22,065	15%
Disabled Person	6,639	22,065	30%
Single Parent, One Child	11,151	24,624	45%
Couple, Two Children	13,256	51,874	26%
<b><u>QUEBEC</u></b>			
Single Employable	6,199	22,885	27%
Disabled Person	8,317	22,885	36%
Single Parent, One Child	13,105	24,513	53%
Couple, Two Children	16,104	56,962	28%

**TABLE 4 (Continued)**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>ONTARIO</u></b>			
Single Employable	8,126	29,017	28%
Disabled Person	11,759	29,017	41%
Single Parent, One Child	16,042	28,080	57%
Couple, Two Children	21,070	68,524	31%
<b><u>MANITOBA</u></b>			
Single Employable	6,657	23,292	29%
Disabled Person	8,227	23,292	35%
Single Parent, One Child	11,331	24,675	46%
Couple, Two Children	19,422	56,908	34%
<b><u>SASKATCHEWAN</u></b>			
Single Employable	5,959	23,859	25%
Disabled Person	8,515	23,859	36%
Single Parent, One Child	12,091	21,867	55%
Couple, Two Children	17,451	54,863	32%
<b><u>ALBERTA</u></b>			
Single Employable	4,927	27,670	18%
Disabled Person	6,789	27,670	25%
Single Parent, One Child	10,800	27,051	40%
Couple, Two Children	17,367	62,480	28%
<b><u>BRITISH COLUMBIA</u></b>			
Single Employable	6,837	27,406	25%
Disabled Person	9,590	27,406	35%
Single Parent, One Child	13,699	27,100	51%
Couple, Two Children	17,906	65,810	27%

## **Provincial and Territorial Benefits Over Time**

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 5 summarizes the ups and downs of recent years.

The figures for 1995 consist of benefits taken from Table 2 that are exclusively within provincial and territorial jurisdiction - in other words, total welfare incomes minus the federal Child Tax Benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1995 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 and 1989 through 1995 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is limited to 1989 through 1995. The first estimates of welfare incomes in the Northwest Territories were done for 1993, so the table shows only comparisons since that time.

From 1994 to 1995, most welfare recipients in Canada saw further erosion of their already precarious financial well-being. The cost of living went up by 2.1 percent, and welfare benefits were frozen or even decreased in most jurisdictions. Whenever the change from 1994 to 1995 appears as -2.1 percent in Table 5, the rates were frozen and people lost 2.1 percent of their purchasing power to inflation.

The largest single drop in annual welfare incomes - almost 23 percent - occurred in Prince Edward Island. P.E.I. cut its maximum shelter allowances for most single welfare clients in the middle of 1994, and the 1995 figures include the lower shelter levels for the whole year. In Ontario, welfare rates for all clients except the aged and the disabled were cut by 21.6 percent as



of October 1995. Because the new rates applied only for the last three months of 1995, the net decrease between 1994 and 1995 was under eight percent.

For 1995, New Brunswick had the country's only increases in welfare incomes for families with children - about five percent higher than incomes for 1994. Welfare rates were raised in September 1995, but the bulk of the increase came from the Income Supplement Benefit, a provincial shelter subsidy that started in mid-1994. Despite the increase, New Brunswick's rates remained the lowest or second-lowest in the country for all household types in this report.

The far-right column in Table 5 shows that, between 1986 and 1995, about half of the welfare households covered in this report saw improvements in their purchasing power while the other half saw their financial situation deteriorate. The most significant losses occurred in Alberta, Saskatchewan and Prince Edward Island. Gains were recorded in Yukon, British Columbia, Quebec (for single people) and Ontario.

Changes in welfare rates over time are not necessarily gradual and progressive. For example, Ontario's rates improved significantly between 1986 and the early nineties, largely as a result of reforms which occurred during that period. Since 1993, however, rates in Ontario have been decreasing. After adjusting for inflation, the 1995 rates in Ontario were lower than they were in 1990, except for disabled clients.

Another example of irregular rate patterns from 1986 to 1995 occurred in Quebec. The largest overall rate increase during the ten-year period went to the single employable person. That person's purchasing power increased more than 87 percent from 1986 to 1995 as a result of reforms in 1989 and 1990. Those reforms raised welfare rates for single employable people under 30 to the same level as rates for people 30 and over. Before the reforms, the rate for single people under 30 was \$2,220 a year, while the rate for single people 30 and over was \$6,084. Since the first full year after these reforms, however, the single person has actually lost \$64 a year in purchasing power.

Over the same ten years, the biggest losers were single employable people in Alberta, whose purchasing power dropped by almost 42 percent. Alberta families with children were the second-largest losers, registering losses in purchasing power of 22 percent for a single parent with one child and 17 percent for two parents with two children.

TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1995 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	% Change 1994-1995	% Change 1986-1995
<b>NEWFOUNDLAND</b>										
Single Employable	4,524	4,363	4,338	4,270	4,482	4,430	4,417	4,326	-2.1%	-4.4%
Disabled Person		8,790	8,699	8,434	8,620	8,509	8,485	8,310	-2.1%	
Single Parent, One Child	11,342	11,108	11,090	11,211	11,668	11,532	11,499	11,262	-2.1%	-0.7%
Couple, Two Children	13,120	12,851	12,823	12,408	12,628	12,478	12,442	12,186	-2.1%	-7.1%
<b>PRINCE EDWARD ISLAND</b>										
Single Employable	8,402	8,129	8,093	8,087	8,203	8,147	7,310	5,635	-22.9%	-32.9%
Disabled Person		9,461	9,366	9,230	9,340	9,265	9,140	8,798	-3.7%	
Single Parent, One Child	11,582	11,206	11,296	11,204	11,379	11,317	11,088	10,564	-4.7%	-8.8%
Couple, Two Children	16,973	16,691	16,692	16,785	16,988	16,866	16,523	15,863	-4.0%	-6.5%
<b>NOVA SCOTIA</b>										
Single Employable	6,176	6,885	6,570	6,246	6,152	6,046	6,028	5,904	-2.1%	-4.4%
Disabled Person		9,064	9,007	8,875	8,753	8,602	8,723	8,568	-1.8%	
Single Parent, One Child	10,695	11,017	10,938	10,804	10,803	10,617	10,754	10,560	-1.8%	-1.3%
Couple, Two Children	12,873	14,015	13,393	12,941	12,954	12,771	12,734	12,472	-2.1%	-3.1%
<b>NEW BRUNSWICK</b>										
Single Employable	3,044	3,293	3,244	3,174	3,176	3,133	3,149	3,096	-1.7%	1.7%
Disabled Person		8,628	8,494	8,244	8,253	8,204	6,428	6,408	-0.3%	
Single Parent, One Child	9,142	8,928	8,789	8,591	8,653	8,684	9,030	9,476	4.9%	3.7%
Couple, Two Children	9,890	9,658	9,495	9,404	9,709	9,740	10,083	10,608	5.2%	7.3%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	1993	1994	1995	% Change 1994-1995	% Change 1986-1995
<b>QUEBEC</b>										
Single Employable	3,204	4,116	5,841	6,064	6,246	6,267	6,126	6,000	-2.1%	87.3%
Disabled Person		7,400	7,676	7,893	8,134	8,135	8,258	8,088	-2.1%	
Single Parent, One Child	10,781	10,000	10,656	9,749	11,069	11,534	11,770	11,528	-2.1%	6.9%
Couple, Two Children	13,935	13,060	12,780	13,152	13,598	14,008	13,808	13,524	-2.1%	-2.9%
<b>ONTARIO</b>										
Single Employable	6,847	7,361	8,037	8,246	8,530	8,505	8,501	7,897	-7.1%	15.3%
Disabled Person		10,628	11,338	11,585	11,777	11,715	11,707	11,466	-2.1%	
Single Parent, One Child	12,263	13,210	14,804	15,164	15,439	15,422	15,415	14,306	-7.2%	16.7%
Couple, Two Children	15,264	16,670	19,424	19,781	20,211	20,168	19,973	18,422	-7.8%	20.7%
<b>MANITOBA</b>										
Single Employable	6,794	7,048	7,140	7,053	7,196	7,209	6,584	6,458	-1.9%	-4.9%
Disabled Person		7,664	7,564	7,438	9,145	8,239	8,165	7,997	-2.1%	
Single Parent, One Child	10,496	10,286	10,161	9,990	11,064	9,930	9,838	9,636	-2.1%	-8.2%
Couple, Two Children	15,903	16,694	17,960	17,964	18,486	17,174	17,136	16,774	-2.1%	5.5%
<b>SASKATCHEWAN</b>										
Single Employable	5,687	5,691	5,563	5,396	5,601	5,898	5,881	5,760	-2.1%	1.3%
Disabled Person		9,274	8,981	8,633	8,555	8,479	8,454	8,280	-2.1%	
Single Parent, One Child	11,669	11,625	11,293	10,869	10,744	10,630	10,599	10,381	-2.1%	-11.0%
Couple, Two Children	16,370	16,129	15,660	15,051	15,300	15,097	15,111	14,803	-2.0%	-9.6%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	1993	1994	1995	% Change 1994-1995	% Change 1986-1995
<b>ALBERTA</b>										
Single Employable	8,093	5,624	5,365	5,834	5,877	5,542	4,827	4,728	-2.1%	-41.6%
Disabled Person		6,956	6,635	6,986	6,940	6,740	6,706	6,588	-1.8%	
Single Parent, One Child	11,849	10,546	10,060	10,556	10,528	10,113	9,385	9,192	-2.1%	-22.4%
Couple, Two Children	17,618	15,538	14,821	16,338	16,355	15,759	14,776	14,622	-1.0%	-17.0%
<b>BRITISH COLUMBIA</b>										
Single Employable	5,781	6,342	6,483	6,380	6,573	6,598	6,754	6,637	-1.7%	14.8%
Disabled Person		8,752	9,052	8,843	9,228	9,295	9,500	9,337	-1.7%	
Single Parent, One Child	10,410	11,457	11,577	11,343	11,851	11,898	12,176	11,964	-1.7%	14.9%
Couple, Two Children	14,219	14,310	14,407	14,072	14,993	15,089	15,527	15,258	-1.7%	7.3%
<b>YUKON</b>										
Single Employable	6,869	8,292	8,390	8,251	8,227	8,084	8,061	7,895	-2.1%	14.9%
Disabled Person		9,275	9,328	9,140	9,102	8,945	8,918	9,395	5.3%	
Single Parent, One Child	12,335	13,705	13,788	13,669	13,663	13,427	13,387	13,112	-2.1%	6.3%
Couple, Two Children	18,900	20,574	20,434	20,431	20,595	20,239	20,180	19,765	-2.1%	4.6%
<b>NORTHWEST TERRITORIES</b>										
Single Employable						11,575	11,541	11,304	-2.1%	
Disabled Person						13,111	13,073	12,804	-2.1%	
Single Parent, One Child						19,624	19,566	19,164	-2.1%	
Couple, Two Children						23,224	23,193	22,716	-2.1%	



## **Earnings Exemptions**

The figures in the tables above do not take into account the fact that welfare incomes may be increased by personal earnings. Each province and territory allows welfare recipients to retain a certain amount - a flat-rate sum and/or a percentage of earnings - without any reduction in their welfare cheques. These extra amounts were not included in the tables because it is not certain that recipients would actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Allowable earnings exemptions in each province and territory are presented in Table 6. The exemptions vary by family size and sometimes by employability. All provinces recognize work-related expenses, including child care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemptions policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. It is disheartening to note that Canada's two largest provinces have opted for higher earnings exemptions instead of increases in welfare benefit levels.

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold, based on the client household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the

benefit level payable to the household. Employable people, including single parents with children of school age, have to find work to get the same total income. Finding a decent job is hard enough today with high unemployment in the province. But for people on welfare, there is the added barrier of insufficient training and, for single mothers, the lack of quality affordable day care.

Ontario changed its earnings exemption policies in the fall of 1995 following the 21.6 percent reduction in welfare benefits for all clients except the aged and the disabled. The Minister of Community and Social Services promised that clients whose benefits had been cut could make up the amount lost by working, and earnings exemption ceilings were raised in October 1995. However, opposition parties and welfare advocacy groups were quick to show that the new policy did not in fact allow large families to make up any losses due to the cuts. Because of public pressure, the Government of Ontario refined its policy and increased the size of the exemption according to the size of the family. To its credit, Ontario also compensated welfare families for any income they had lost because of the original policy change.

The National Council of Welfare feels that it is fair to require some effort on the client's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. But we also feel that welfare rates for families with children should be based on the cost of a reasonable basket of goods and that client households should receive the full amount. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy; cutting benefits is not.

The amounts shown in Table 6 are the earnings exemption levels which were in effect in January 1995. During 1995, there were no significant changes in earnings exemption policies, except in Ontario and New Brunswick. Ontario raised its exemption levels in October, as noted above. In September, New Brunswick introduced its Extended Wage Exemption in cases where employment is expected to result in self-sufficiency. Both of these policy changes will be covered in the 1996 edition of this report.

**TABLE 6**

**MONTHLY EARNINGS EXEMPTIONS LEVELS AS OF JANUARY 1995**

	Unemployable	Employable
Newfoundland <sup>1</sup>	<p>For adults on social assistance for reasons other than unemployment (excluding disability), \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>For families on social assistance for reasons other than unemployment, \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>For a disabled adult, up to \$95 a month</p> <p>For a family with disabled member(s), up to \$190 a month</p>	<p>For adults who are unemployed, 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>For unemployed families, 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island <sup>2</sup>	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	Same
Nova Scotia <sup>3</sup>	<p>For single persons, \$100 + 25% of gross earnings or vocational training allowances</p> <p>For families, \$200 + 25% of gross earnings or vocational training allowances</p> <p>For single people with disabilities who are in an approved education program, \$275 + 25% of monthly training allowances</p>	<p>\$50 single person<sup>4</sup></p> <p>\$100 family<sup>4</sup></p>



**TABLE 6 (Continued)**

	Unemployable	Employable
New Brunswick	<p>\$150 single person</p> <p>\$200 family</p>	<p>\$150 single person</p> <p>\$200 family</p> <p>Where a recipient has been designated as having high employment potential, exemptions are increased for one person by an additional monthly amount of \$250 for two months. Exemptions for a family are increased by an additional monthly amount of \$200 for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p>
Quebec <sup>5</sup>	<p>\$100 single person or family</p>	<p>\$174 single person</p> <p>\$60 single parent</p> <p>\$225 two-parent family</p>
Ontario <sup>6</sup>	<p>\$160 + 25% over \$160 of net earnings for a single disabled person<sup>7</sup></p> <p>\$185 + 25% over \$185 of net earnings for a family with at least one disabled beneficiary<sup>7</sup></p> <p>\$120 + 25% over \$120 of net earnings for a single-parent family</p>	<p>\$50 + 25% over \$50 of net earnings for a single person</p> <p>\$100 + 25% over \$100 of net earnings for a two-parent family</p> <p>\$120 + 25% over \$120 of net earnings for a single-parent family</p>



**TABLE 6 (Continued)**

	Unemployable	Employable
Manitoba	<p>The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings.</p> <p>For newly-enrolled applicants and self-employed persons, \$50 a month up to \$600 a year</p>	<p>\$95 single person</p> <p>\$130 household of two persons<sup>8</sup></p>
Saskatchewan <sup>9</sup>	<p>First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person</p> <p>First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled</p>	<p>First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled</p> <p>First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled</p>
Alberta	\$115 plus 25% of net income over \$115 <sup>10</sup>	Same
British Columbia <sup>11</sup>	<p>\$100 a month for single persons</p> <p>\$200 a month for recipients with dependents</p> <p>\$200 a month for recipients of Handicapped Benefits (Recipients may choose to be classified as employable if they would benefit from the enhanced earnings exemption.)</p>	\$100 for single persons and \$200 for recipients with dependents (Employable recipients are eligible for an additional exemption of 25% of net earnings over these flat-rate amounts.) <sup>12</sup>
Northwest Territories	<p>\$50 (no dependents)</p> <p>\$100 (dependents)</p>	Same

**TABLE 6 (Continued)**

	Unemployable	Employable
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week); earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependents or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more<sup>13</sup></p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p>	Same

## NOTES TO TABLE 6

1. Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.
2. The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum exemption of \$50 a month may be allowed against income that is derived on an irregular basis and is considered non-insurable under the Unemployment Insurance Act. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries use their own vehicles to travel to and from work.
3. There is a total exemption of earned income for the first month of full-time employment. Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.
4. These are the earnings exemptions for the City of Halifax.
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "unavailable" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "non-participant" category of the program. In October 1993, the province repealed the provision that allowed a 100 per cent exemption on the first month's earnings or training allowances for clients who had been receiving welfare for at least three months; this provision applied only for the month during which work or training actually started, and clients could only use this special exemption once every six months.
6. These earnings exemptions are part of the Supports To Employment Program (STEP), a series of measures designed to encourage participation in the paid labour force. Ontario allows deductions for child care expenses up to the actual amount for licensed care and up to \$390 a month for children under six and \$346 for children six through 12 for unlicensed care. Since August 1992, the basic and supplementary exemptions are not allowable for the purpose of determining eligibility for welfare for the first three months of assistance; they apply only from the fourth month of assistance.
7. Persons with disabilities eligible for GAINS-D (Guaranteed Annual Income System for the Disabled) are entitled to an additional deduction of up to \$140 a month for work expenses related to their disabilities.

8. These are the earnings exemptions for the City of Winnipeg.
9. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment.
10. Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$165 a month plus 25 percent of additional earnings.
11. The figures indicated here are exemptions on earnings. There is also a set of exemptions that apply to other forms of income such as maintenance payments and training allowances.
12. The flat-rate exemption on net earned income is applied only after people have received full or partial benefits for more than three consecutive months. The enhanced exemption of 25 percent may be claimed for 12 months during a three-year period, with the possibility of a six-month extension. However, disabled persons are eligible indefinitely for the enhanced exemption.
13. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.



## Conclusion

Welfare is a degrading experience for the vast majority of recipients. Applicants have to exhaust almost all their liquid assets to qualify for help. Welfare entitlements are determined by a labyrinth of rules and regulations that may or may not make sense. "Need" is as much a dictate of governments as it is a reflection of the cost of the necessities of life. The huge amount of discretion in the system makes it almost impossible to know whether people are being treated fairly.

The income provided by most provincial and territorial welfare programs is grossly inadequate for the vast majority of recipients. Yet many welfare recipients have actually seen their incomes decline in recent years, and the situation is likely to deteriorate further as all levels of government tighten their purse strings.

The National Council of Welfare has long been concerned about governments seeking to save money at the expense of the poor. Our 1990 report The Canada Assistance Plan: No Time for Cuts strongly criticized the federal government for proceeding with plans to limit its cost-sharing of welfare and social services in Ontario, Alberta and British Columbia. Much of that criticism was repeated and amplified in our 1995 report on the proposed new Canada Health and Social Transfer entitled The 1995 Budget and Block Funding.

Under the Canada Health and Social Transfer, there will be about \$7 billion less federal money over the next two years for provincial and territorial health, post-secondary education and welfare programs. We fear that the biggest losers will be the children, women and men on welfare who are already among the poorest of the poor in Canada.

**APPENDIX**

**ESTIMATED NUMBER OF PEOPLE ON WELFARE  
BY PROVINCE AND TERRITORY**

Province or Territory	March 31, 1994	March 31, 1995	Increase or Decrease
Newfoundland	67,400	71,300	5.8 %
Prince Edward Island	13,100	12,400	-5.3 %
Nova Scotia	104,000	104,000	0.0 %
New Brunswick	73,500	67,400	-8.3 %
Quebec	787,200	802,200	1.9 %
Ontario	1,379,300	1,344,600	-2.5 %
Manitoba	89,300	85,200	-4.6 %
Saskatchewan	81,000	82,200	1.5 %
Alberta	138,500	113,200	-18.3 %
British Columbia	353,500	374,300	5.9 %
Yukon	2,400	2,100	-12.5 %
Northwest Territories	11,000	12,000	9.1 %
CANADA	3,100,200	3,070,900	-0.9 %

SOURCE: Social Program Information and Analysis Division  
Social Policy Directorate  
Human Resources Development Canada

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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 2<sup>e</sup> étage, 1010 rue Somerset ouest, Ottawa K1A 0J9.









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# Welfare Incomes 1996

A Report by the  
National Council of Welfare

Winter 1997-98

Canada





**WELFARE INCOMES 1996**

**A Report by the  
National Council of Welfare**

**Winter 1997-1998**

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## **FOREWORD**

This report is the ninth of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1996 for four types of households: a single employable person, a single person with a disability, a single-parent family with a child aged two, and a two-parent family with two children aged ten and 15. Similar estimates were published in Welfare in Canada: The Tangled Safety Net and previous versions of Welfare Incomes for the years 1989 through 1995.

The National Council of Welfare is grateful to officials of provincial and territorial governments for taking the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and co-operation of the Social Program Information and Analysis Division of the Social Policy Directorate in Human Resources Development Canada.

All nine reports show that welfare incomes in all parts of Canada fall well below the poverty line. They also represent only a small fraction of average incomes. And yet welfare benefits were again frozen or decreased during 1996 for two-thirds of the household types covered in this report throughout Canada. As the freezes and decreases continue, people already living in poverty on welfare grow poorer.

From 1966 until March 31, 1996, the federal government paid a share of the cost of welfare and social services under the terms of the Canada Assistance Plan or CAP. On April 1, 1996, the federal government replaced CAP with the Canada Health and Social Transfer. The CHST is a "block fund" covering medicare and post-secondary education as well as welfare and social services. Ottawa's support for these important programs taken together decreased by 9.4 percent in the 1996-97 fiscal year and will decrease by a further 6.2 percent in 1997-98.

## **What is Welfare?**

Social assistance or welfare is the income program of last resort in Canada. It provides financial assistance to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, CAP was replaced by the Canada Health and Social Transfer.

Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada - one in each province and territory. Some would say there are hundreds of welfare systems, because of the leeway allowed to municipalities which run welfare programs in Nova Scotia, Ontario and Manitoba.

Despite the fact that each of the 12 main welfare systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts recipients are allowed to keep from outside earnings, and the way in which applicants and recipients may question decisions regarding their cases.

## **Eligibility**

Eligibility for welfare is based on some general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions may qualify for assistance in some provinces only if they meet stringent conditions. In other provinces, they cannot apply for assistance without leaving their studies. Single parents must try to secure any court-ordered maintenance support to which they are entitled. Individuals who are disabled require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once the administrative conditions are met, each applicant goes through a "needs test." This test compares the budgetary needs of an applicant and any dependents with the assets and income of the household; needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household's non-exempted financial resources are less than the cost of regularly recurring needs, that is, food, shelter, household and personal needs (and special needs, in some jurisdictions).

First of all, applicants' fixed and liquid assets are examined. In most provinces, fixed assets like a principal residence, furniture and clothing are considered exempt. Most provinces also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempted liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces) appear in Table 1 below. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels which were in effect in January 1996. During 1996, there were no significant changes in liquid asset exemption policies except in Quebec. These policy changes will be included in the 1997 edition of this report.



TABLE 1

## LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1996

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Newfoundland	\$2,500	\$5,000	\$3,000	\$40	\$100
Prince Edward Island	**1	\$1,200	\$900	\$50 <sup>2</sup>	\$50 <sup>2</sup>
Nova Scotia	\$1,500 <sup>3</sup>	\$2,500	\$3,000	Municipalities generally require liquid assets to be expended to meet basic needs.	
New Brunswick	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
Quebec	**4	**4	\$2,500	\$1,500	\$2,500 <sup>5</sup>
Ontario	\$2,500 <sup>6</sup>			Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance. <sup>6</sup>	
	\$5,000 <sup>6</sup>			Assets equal to 1-2 weeks' assistance may be exempted (or 1-3 months' assistance in the case of a temporarily unemployable person). Maximum exemptions (\$2,500 for single and \$5,000 for a couple plus \$500 per dependent) may apply to households to be transferred to long-term assistance.	
				Assets equal to 1-3 months' assistance.	

TABLE 1

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1996

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba	\$1,000	\$2,000	\$2,000	0 <sup>7</sup>	0 <sup>7</sup>
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 <sup>8</sup>
Alberta	\$1,500	\$2,500	\$1,500 <sup>9</sup>	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia	\$500 <sup>10</sup>	\$5,000 <sup>11</sup>	\$3,000	\$500 <sup>10</sup>	\$5,000 <sup>11</sup>
Northwest Territories	The value of any assets that should not be converted into cash for sound social or economic reasons (in the Director's opinion) is exempt from the inclusion as a personal resource.				
Yukon	\$500	\$1,800	\$1,500	\$100 <sup>12</sup>	\$200 <sup>12</sup>

## NOTES TO TABLE 1

1. Single applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and \$1,200 to \$2,400 for a person with dependents, based on family size.
3. This exemption applies to single elderly persons who are not eligible for the Old Age Security pension. Single applicants would not be considered unemployable unless they were disabled.
4. Applicants do not qualify for higher "unemployable" asset exemptions unless they are disabled as defined under the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption.
5. An additional \$147 is exempt for each dependent child under 18 (or over 18 attending secondary school).
6. The Director may allow households applying for or in receipt of Family Benefits or General Welfare Assistance to exceed the maximum exemption level where savings will be used for an item deemed to be necessary for the well-being of a member of the household (for example, a specially equipped van or an electric wheelchair).
7. The provincially established Municipal Assistance Regulation does not allow any liquid asset exemption for applicants; however, once a person or family has qualified for assistance, municipalities have the discretion to allow an exemption of up to \$400 per person to a maximum of \$2,000 per household. The City of Winnipeg, which covers about 90 percent of the province's municipal assistance caseload, has chosen to allow the maximum asset exemption for its recipients.
8. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
9. A severely and permanently disabled single person who has high needs because of the costs of personal support services is allowed an exemption of up to \$3,000. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped program (no asset test) instead of welfare.
10. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000. Asset level decreased in 1995.
11. The level of \$5,000 applies to a person under age 55 with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
12. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

After the examination of fixed and liquid assets, the household's income from various sources is identified. Some types of income, such as the federal Child Tax Benefit and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Income from other sources such as employment, pensions and unemployment insurance is considered fully or partially available for support of the household.

Total non-exempt income is subtracted from the total needs of the household. Applicants qualify for welfare if the household's needs exceed its resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory had replaced its needs test.

### **Rates of Assistance**

Every province and territory uses a different method of calculating basic social assistance, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Assistance may be provided as cash or "in kind" in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special needs item, because they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.



Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

All across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On the one hand, welfare recognizes the fact that individuals may have on-going or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 2 presents a national picture of estimated welfare incomes for 1996. The incomes are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with one two-year-old child and a two-parent family with two children ten and 15 years of age. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1996, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates of what a particular family or a single person might receive. Because welfare is such a highly individualized program of income support, every applicant is potentially eligible for a different amount of financial assistance on the basis of the circumstances of his or her household.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits where an employable recipient refuses a reasonable job offer, or quits a job without just cause.

At the same time, these figures are minimum amounts in that they do not generally include special needs assistance to which a given household may be entitled, such as costs related to a disability in the family or the cost of searching for a job.

## **Basic Social Assistance**

Column 1 represents the basic social assistance to which eligible households are entitled. Basic assistance generally includes an amount for food, clothing, shelter, utilities, and personal and household needs.

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions concerning recipient households have to do with the place of residence, the ages of the children, the employability of the household head, the type of housing and the case history.

### **a. place of residence**

The rates of social assistance shown for any given province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Supplements are offered in some provinces to compensate welfare households living in remote areas for higher living costs.

### **b. ages of children**

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years of age and the children in the two-parent family are ten and 15 years old. This is because some provinces vary a family's entitlement with the age of each child in the household.

### **c. employability of the household head**

In Table 2, short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province.

### **d. type of housing**

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that there was no sharing of accommodation. In all provinces, actual welfare entitlements are reduced when recipient households live in subsidized housing or when housing is shared.

Where shelter allowances do not include the cost of utilities, the cost of utilities was added to the shelter rates. Maximum shelter rates were used in all jurisdictions.

In the Northwest Territories, however, there were no maximum rates for shelter in 1996. Actual rents were paid, and these vary widely in the North. For the single employable person and the single person with a disability, basic welfare assistance was calculated using the highest rent and utilities actually paid for a bachelor suite in Yellowknife. For the two families with children, the calculation was based on the highest rent and utilities actually paid for a two-bedroom apartment in Yellowknife. Because of the way the figures for the Northwest Territories are calculated, they are not directly comparable with figures for welfare programs which have ceilings on rent.

In 1996, the government of the Northwest Territories announced that it would cap the shelter rate for single people beginning in 1997. This will be reflected in our 1997 report.

### **e. case history**

In order to "annualize" the rates for this report, we assumed that these four typical households started receiving welfare on January 1, 1996, and remained on assistance throughout the entire calendar year.



We also assumed that households satisfied the residency requirement for welfare which was imposed by the government of British Columbia. Between December 1995 and March 1997, applicants for welfare had to live in British Columbia for three months before they were eligible for assistance.

The British Columbia residency requirement was in contravention of the terms of the Canada Assistance Plan and the Canada Health and Social Transfer. It became the subject of a protracted dispute between the federal and British Columbia governments. In March 1997, British Columbia dropped the rule as part of an out-of-court settlement with the federal government.

The calculations of basic social assistance were done month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates. For example, Prince Edward Island decreased the shelter portion of its welfare rates on April 1, 1996, for residents of Charlottetown, so the Prince Edward Island calculations for 1996 are made up of three months of welfare at the old shelter rate and nine months at the new rate.

We further assumed that welfare households did not have any income from paid work during the time they were on assistance.

### **Special Assistance**

Two kinds of assistance may be provided for special needs. First, there are supplementary allowances paid “automatically” to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts which appear in the second column in Table 2. Examples of this type of special assistance include extra assistance for disabled persons, money for school expenses, winter clothing allowances for families with children, and Christmas allowances. The footnotes explain the nature of the special assistance in each jurisdiction.

Second, there are one-time special needs, which include items such as funeral expenses, moving costs or emergency home repairs. This type of special assistance is not included in this report, because the special needs are established on a case-by-case basis. Decisions to provide this type of special assistance are made by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.



Special assistance has been incorporated in Column 2 of Table 2 only when it is automatically provided to certain recipients.

### **Child Tax Benefit**

The federal government paid a basic annual benefit of up to \$1,020 in most parts of Canada in 1996 for each child under age 18. The basic benefit in Quebec and Alberta is different at the request of the two provincial governments. In Quebec, payments vary with the age of the child and the number of children in the family. In Alberta, payments vary with the age of the child.

In all provinces and territories, there was a supplementary annual benefit of up to \$213 for each child under age seven.

All provinces and territories except Saskatchewan consider the Child Tax Benefit to be exempt income in the calculation of welfare benefits. Saskatchewan deducts the value of the family allowance component of the Child Tax Benefit (estimated at \$34.88 a month for each child) from its welfare payments. To account for this in Table 2, the rates of assistance in Column 1 for the two households with children in Saskatchewan have been reduced by \$34.88 a month for each child.

### **Provincial Child Benefits**

Quebec provides a family allowance over and above the federal Child Tax Benefit. In addition, it pays a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1996 for the first child under six. Quebec also provides an earnings supplement to low-income workers with children under its Parental Wage Assistance program. We did not include benefits available from this program in Table 2 because we assumed that welfare households did not have any income from work during the year.

Until July 1996, Manitoba offered non-taxable income supplements to all low-income families with children, including welfare recipients. Under the terms of its Child Related Income Support Program, Manitoba provided up to \$30 a month per child. The program was income-tested,

and did not pay supplements to families on welfare above and beyond their welfare entitlements. Benefits from the program were deemed to be included in Column 1 under basic social assistance.

Saskatchewan's Family Income Plan offers low-income families with children up to \$105 a month for each of the first three children in a family and up to \$95 a month for each additional child. The program is income-tested and does not pay supplements above and beyond families' welfare entitlements. Benefits from the Family Income Plan are deemed to be included in Column 1 under basic social assistance.

In July 1996, British Columbia introduced the B.C. Family Bonus as part of a package of initiatives known as B.C. Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 a month per child, which is deducted from their welfare, resulting in no change to the families' total income. The figures in Table 2 include a "support reduction" in the basic social assistance column, and the Family Bonus payments in the additional benefits column for the period from July to December 1996.

### **GST Credit**

Column 5 is the federal refundable credit for the Goods and Services Tax. The GST credit is paid quarterly. The four payments received in 1996 added up to a maximum of \$199 for each adult or the first child in a single-parent family. For other dependent children, the total for the year was a maximum of \$105 a child.

Single adults, including single parents, also received an income-tested single person's supplement to a maximum of \$105 in 1996 if their 1995 incomes were between \$6,456 and \$25,921.

Prince Edward Island stopped considering the GST credit as exempt income in June 1994. The result was a dollar-for-dollar reduction in welfare benefits for all categories of recipients equal to the amount of the household's GST credit entitlement for the latter half of the 1994. For 1995 and 1996, the value of the entire GST credit was deducted from the household's welfare entitlement. Column 5 shows the full amount of the GST credit provided by the federal government, and the basic social assistance in Column 1 has been reduced by the same amount.

In the budget speech of April 15, 1997, the government of Prince Edward Island announced that the GST credit would once again be considered exempt income as of June 1, 1997, and would no longer trigger reductions in welfare incomes. This change in policy will be reflected in subsequent editions of this report.

### **Provincial Tax Credits**

The tax credits in Column 6 are the Sales and Property Tax Credits in Ontario, the Cost of Living and Property Tax Credits in Manitoba and the Sales Tax Credit in British Columbia. All four categories of welfare recipients were eligible for provincial tax credits in Ontario and in British Columbia.

In Manitoba, tax credits are shown only for the single employable person and the couple with two children. The single person with a disability and the single-parent family have the value of their tax credits included with basic social assistance in Column 1. As of May 1996, welfare recipients are no longer eligible for the Manitoba Cost of Living and Property Tax Credits. The effect on municipal welfare recipients will be reflected in their 1997 income as their 1996 tax credits will be paid in 1997.

Earlier editions of Welfare Incomes had a separate listing for the Quebec Sales Tax Credit. The credit now is shown within basic social assistance.

TABLE 2

## ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD, 1996

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>NEWFOUNDLAND<sup>3</sup></b>							
Single Employable <sup>4</sup>	2,502				199		2,701
Disabled Person	6,810	1,500 <sup>5</sup>			236		8,546
Single Parent, One Child	11,262		1,233		494		12,989
Couple, Two Children	12,186		2,040		608		14,834
<b>PRINCE EDWARD ISLAND<sup>6</sup></b>							
Single Employable <sup>7</sup>	5,245				206		5,451
Disabled Person <sup>7</sup>	7,956	1,092 <sup>8</sup>			247		9,295
Single Parent, One Child	10,242		1,233		483		11,958
Couple, Two Children	14,698	175 <sup>9</sup>	2,040		608		17,521
<b>NOVA SCOTIA<sup>10</sup></b>							
Single Employable	5,922				199		6,121
Disabled Person	8,568				241		8,809
Single Parent, One Child	10,560		1,233		480		12,273
Couple, Two Children <sup>11</sup>	13,602		2,040		608		16,250
<b>NEW BRUNSWICK<sup>12</sup></b>							
Single Employable	3,132				199		3,331
Disabled Person	6,483				215		6,698
Single Parent, One Child	8,673	900 <sup>13</sup>	1,233		452		11,258
Couple, Two Children	9,711	1,000 <sup>14</sup>	2,040		608		13,359



TABLE 2

## ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD, 1996

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>QUEBEC<sup>15</sup></b>							
Single Employable <sup>16</sup>	6,000				199		6,199
Disabled Person	8,268				235		8,503
Single Parent, One Child	10,200	1,080 <sup>17</sup>	1,082 <sup>18</sup>	248 <sup>19</sup>	469		13,079
Couple, Two Children	12,000	1,219 <sup>20</sup>	1,972 <sup>18</sup>	305 <sup>21</sup>	608		16,104
<b>ONTARIO</b>							
Single Employable	6,240				225	344 <sup>22</sup>	6,809
Disabled Person <sup>23</sup>	11,160				293	306 <sup>22</sup>	11,759
Single Parent, One Child	11,484	105 <sup>24</sup>	1,233		503	351 <sup>22</sup>	13,676
Couple, Two Children	14,568	407 <sup>25</sup>	2,040		608	453 <sup>22</sup>	18,076
<b>MANITOBA<sup>26</sup></b>							
Single Employable	5,539				199	531 <sup>27</sup>	6,269
Disabled Person	7,157	840 <sup>28</sup>			230		8,227
Single Parent, One Child	9,636		1,233		462		11,331
Couple, Two Children	14,640		2,040		608	633 <sup>27</sup>	17,921
<b>SASKATCHEWAN</b>							
Single Employable	5,760				199		5,959
Disabled Person	7,500	1,020 <sup>29</sup>			235		8,755
Single Parent, One Child <sup>30</sup>	10,381		1,233		477		12,091
Couple, Two Children <sup>30</sup>	14,643	160 <sup>31</sup>	2,040		608		17,451

TABLE 2

## ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD, 1996

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>ALBERTA</b> <sup>32</sup>							
Single Employable	4,728				199		4,927
Disabled Person	6,348	240 <sup>33</sup>			201		6,789
Single Parent, One Child	9,192		1,148 <sup>34</sup>		453		10,793
Couple, Two Children	14,472	150 <sup>35</sup>	2,137 <sup>34</sup>		608		17,367
<b>BRITISH COLUMBIA</b>							
Single Employable <sup>36</sup>	6,046	35 <sup>37</sup>			201	50 <sup>38</sup>	6,332
Disabled Person	9,252	35 <sup>37</sup>			255	50 <sup>38</sup>	9,592
Single Parent, One Child <sup>39</sup>	11,166	698 <sup>37</sup>	1,233		503	100 <sup>38</sup>	13,700
Couple, Two Children <sup>39</sup>	13,632	1,426 <sup>40</sup>	2,040		608	200 <sup>38</sup>	17,906
<b>YUKON</b> <sup>41</sup>							
Single Employable	7,740	155 <sup>42</sup>			228		8,123
Disabled Person	7,740	1,655 <sup>43</sup>			251		9,646
Single Parent, One Child	12,540	572 <sup>44</sup>	1,233		503		14,848
Couple, Two Children	19,080	685 <sup>45</sup>	2,040		608		22,413
<b>NORTHWEST TERRITORIES</b> <sup>46</sup>							
Single Employable	11,229				296		11,525
Disabled Person	11,529	1,500 <sup>47</sup>			304		13,333
Single Parent, One Child	19,074		1,233		503		20,810
Couple, Two Children	22,596		2,040		608		25,244

## NOTES TO TABLE 2

1. The single-parent family with one young child was eligible for \$1,233 (\$1,020 as the basic Child Tax Benefit and \$213 as a supplement for each child under seven). The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources.
2. The GST credit is paid in quarterly installments. In 1996, adults and the first child in a single-parent family received maximum payments of \$49.75 each every three months, and the maximum rate for each additional child was \$26.25 every three months. The special GST supplement for single persons and single-parent families is included in the totals for the year.
3. The last rate increases in Newfoundland were on April 1, 1992. The totals include a fuel allowance of \$51 a month from November through April for households residing on the island portion of the province (\$90 a month for clients in Labrador) and paying their heating bills separately from shelter.
4. These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's.
5. This is the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.
6. The last rate increases in Prince Edward Island were on July 1, 1992. The GST credit was not considered exempt income in 1996. All figures in the basic social assistance column have been reduced by the amount which appears in the GST Credit column.
7. In the summer of 1994, the maximum shelter allowance for a single person was reduced from \$480 to \$305 a month; however, the old maximums remained in effect for persons with special housing needs. The disabled person in Table 2 is deemed to have special housing needs, and is thus eligible for the higher maximum shelter allowance.
8. This is the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.



9. This represents back-to-school benefits of \$100 and \$75 for the children.
10. In April 1996, the provincial government took over the administration of municipal welfare in Halifax. In April 1996, the monthly food allowances for families in Halifax region increased, marking the first real increase in welfare benefits in four years. The shelter allowance for a family with two children was increased. Reductions in shelter allowances which were announced at the same time affected only recipients who went on welfare in April or later. These reductions will be reflected in the 1997 edition of this report.
11. A \$20 per child back-to-school allowance ended in September 1995.
12. The single employable person was classified in the Interim Assistance Program; the single disabled person in the Extended Benefits Program; and the single-parent and two-parent families in the Transitional Assistance Program. Rates for all four categories of welfare recipients increased by 2 percent on October 1, 1996.
13. This is the Income Supplement Benefit, a shelter subsidy which assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October.
14. This is the combined amount of the Income Supplement Benefit and the School Supplement (\$50 per year per child).
15. The value of the Quebec Sales Tax Credit, once listed separately, is now included in basic welfare assistance. The single disabled person was classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating."
16. Quebec requires a "parental contribution" from the parents of certain employable individuals. It is possible that the actual assistance would be lower than the rates indicated here if the recipient were deemed to receive a parental contribution as defined by Quebec law.
17. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family and the two-parent family were entitled to a maximum monthly subsidy of \$90.
18. Quebec varies the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.
19. This is the combined amount of the Quebec family allowance and the Allowance for Young Children.



20. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$90 is included as well.
21. This is the Quebec family allowance.
22. This represents the combined amount of the Ontario Sales Tax and Property Tax Credits for 1996. The Property Tax Credit was calculated on the following annual shelter costs: \$4,701 for a single person, \$4,968 for a single disabled person, \$7,401 for the single-parent family and \$8,718 for the two-parent family; these correspond to the maximum shelter benefits payable in 1996 in each case.
23. Assistance for a single disabled person is based on the GAINS-D rates, which were last increased in April 1993.
24. This is the winter clothing allowance of \$105 for each dependent child.
25. This is the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child paid on behalf of the dependent children.
26. On May 1, 1996, welfare rates were reduced for the single employable person. Reductions for couples with children affected only those families who went on welfare after May 1996. Winnipeg City Council eliminated the Christmas bonus for municipal welfare recipients (the single employable person and the couple with two children) in 1996.
27. These are the Manitoba Cost of Living and Property Tax Credits. Recipients of provincial welfare no longer receive the credits. They are deemed to be included in the monthly assistance rates of the disabled person and single parent.
28. This is the disability benefit of \$70 a month.
29. Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month. Until 1996, this allowance was available to people with disabilities on a case-by-case basis only.

30. The rates of assistance which appear in the first column have been reduced by \$34.88 per month for each child (the value of the former federal family allowance). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates.
31. This represents an amount for education-related expenses: \$100 for children aged 14 and over and \$60 for children between the ages of six and 13.
32. The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program.
33. Since February 1994, Alberta has provided a supplement of \$20 a month to any person categorized as Assured Support. People with severe and permanent disabilities are eligible for further assistance of \$810 a month through the Assured Income for the Severely Handicapped program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.
34. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.
35. This is the back-to-school allowance of \$100 per year for each child in junior high school or high school and \$50 per year for each child in elementary school.
36. As of January 1996, British Columbia imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare, and \$500 a month subsequently.
37. This is a Christmas allowance of \$35 for a single person or \$70 the single-parent family plus \$10 for each child in the family.
38. This is the B.C. Sales Tax Credit, which is payable to low-income households throughout the income tax system. The amounts shown (\$50 per person per year) were paid in 1996 for the 1995 tax year.

39. In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The figures in Table 2 show a "support reduction" in the basic social assistance column, and the Family Bonus payments in the additional benefits column for the period from July to December 1996.
40. This figure represents the combined amount of the Christmas allowance of \$90 and school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.
41. The last rate increases in Yukon were on April 1, 1991.
42. This represents the combined amounts of the Christmas allowance of \$30 per person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
43. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$125 a month if they are considered to be "permanent exclusions from the labour force."
44. In addition to the Christmas and winter clothing allowances, a weekly amount of \$6 for babysitting was included in the special assistance for the single-parent family. Late in 1995, the Northwest Territories stopped paying the household allowance and the personal allowance to new welfare recipients during their first three months on welfare.
45. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
46. Basic social assistance in the Northwest Territories was calculated using the maximum shelter costs actually paid for welfare households in Yellowknife. The single employable person and the disabled person lived in bachelor suites, while the two families with children lived in two-bedroom apartments. The last increase in benefits was an increase in food allowances for certain categories of recipients as of October 1, 1993.
47. This is the disability allowance of \$125 a month.



### **Adequacy of Benefits**

The incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1996. The results are shown in Table 3.

Each year, the federal agency calculates low income cut-offs for households of different sizes living in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in Newfoundland with total incomes of \$2,701 in 1996 were poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

Some provinces also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in some provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one-fifth or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date.



Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1996. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column 2 indicates the poverty lines - the low income cut-offs of Statistics Canada (1986 base) - for the largest city in each province. The poverty gap - or difference between total income and the poverty lines - is shown in Column 3. Column 4 represents total welfare income as a percentage of the poverty line - that is, welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 1996, ranging from 19 percent of the poverty line in Newfoundland to 43 percent of the poverty line in Nova Scotia.

Benefits for single disabled people ranged from 42 percent of the poverty line in Alberta to 73 percent in Ontario. Ontario exempted disabled recipients from the 21.6 percent welfare cut of October 1995.

Welfare incomes for single-parent families ranged from a low of 50 percent in Alberta to a high of 68 percent in Newfoundland.

For two-parent families with two children, welfare incomes ranged from 48 percent of the poverty line in New Brunswick to 64 percent in Prince Edward Island.

**TABLE 3**  
**ADEQUACY OF BENEFITS, 1996**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>NEWFOUNDLAND</u></b>				
Single Employable	2,701	14,107	-11,406	19%
Disabled Person	8,546	14,107	-5,561	61%
Single Parent, One Child	12,989	19,123	-6,134	68%
Couple, Two Children	14,834	27,982	-13,148	53%
<b><u>PRINCE EDWARD ISLAND</u></b>				
Single Employable	5,451	13,781	-8,330	40%
Disabled Person	9,295	13,781	-4,486	67%
Single Parent, One Child	11,958	18,680	-6,722	64%
Couple, Two Children	17,521	27,338	-9,817	64%
<b><u>NOVA SCOTIA</u></b>				
Single Employable	6,121	14,107	-7,986	43%
Disabled Person	8,809	14,107	-5,298	62%
Single Parent, One Child	12,273	19,123	-6,850	64%
Couple, Two Children	16,250	27,982	-11,732	58%
<b><u>NEW BRUNSWICK</u></b>				
Single Employable	3,331	14,107	-10,776	24%
Disabled Person	6,698	14,107	-7,409	47%
Single Parent, One Child	11,258	19,123	-7,865	59%
Couple, Two Children	13,359	27,982	-14,623	48%
<b><u>QUEBEC</u></b>				
Single Employable	6,199	16,061	-9,862	39%
Disabled Person	8,503	16,061	-7,558	53%
Single Parent, One Child	13,079	21,769	-8,690	60%
Couple, Two Children	16,104	31,862	-15,758	51%

**TABLE 3**  
**ADEQUACY OF BENEFITS, 1996**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>ONTARIO</u></b>				
Single Employable	6,809	16,061	-9,252	42%
Disabled Person	11,759	16,061	-4,302	73%
Single Parent, One Child	13,676	21,769	-8,093	63%
Couple, Two Children	18,076	31,862	-13,786	57%
<b><u>MANITOBA</u></b>				
Single Employable	6,269	16,061	-9,792	39%
Disabled Person	8,227	16,061	-7,834	51%
Single Parent, One Child	11,331	21,769	-10,438	52%
Couple, Two Children	17,921	31,862	-13,941	56%
<b><u>SASKATCHEWAN</u></b>				
Single Employable	5,959	14,107	-8,148	42%
Disabled Person	8,755	14,107	-5,352	62%
Single Parent, One Child	12,091	19,123	-7,032	63%
Couple, Two Children	17,451	27,982	-10,531	62%
<b><u>ALBERTA</u></b>				
Single Employable	4,927	16,061	-11,134	31%
Disabled Person	6,789	16,061	-9,272	42%
Single Parent, One Child	10,793	21,769	-10,976	50%
Couple, Two Children	17,367	31,862	-14,495	55%
<b><u>BRITISH COLUMBIA</u></b>				
Single Employable	6,332	16,061	-9,729	39%
Disabled Person	9,592	16,061	-6,469	60%
Single Parent, One Child	13,700	21,769	-8,069	63%
Couple, Two Children	17,906	31,862	-13,956	56%

## **Welfare and Average Incomes**

The low level of financial support provided by social assistance is also evident when measured against average incomes. Welfare provides only a small part of the income that most Canadians would consider normal or reasonable.

Table 4 on the next page compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages are 1996 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1995. For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland, Prince Edward Island and Saskatchewan. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 11 percent to 31 percent of the average income received by single people under 65. The disabled person on welfare got 26 to 45 percent of the average. Single-parent families had 41 to 61 percent of average incomes, but it is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had between 25 and 33 percent of average incomes.



**TABLE 4**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,  
BY FAMILY TYPE AND PROVINCE, 1996**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>NEWFOUNDLAND</u></b>			
Single Employable	2,701	23,509	11%
Disabled Person	8,546	23,509	36%
Single Parent, One Child	12,989	-----	-----
Couple, Two Children	14,834	48,329	31%
<b><u>PRINCE EDWARD ISLAND</u></b>			
Single Employable	5,451	22,016	25%
Disabled Person	9,295	22,016	42%
Single Parent, One Child	11,958	-----	-----
Couple, Two Children	17,521	53,802	33%
<b><u>NOVA SCOTIA</u></b>			
Single Employable	6,121	19,631	31%
Disabled Person	8,809	19,631	45%
Single Parent, One Child	12,273	20,110	61%
Couple, Two Children	16,250	55,193	29%
<b><u>NEW BRUNSWICK</u></b>			
Single Employable	3,331	23,823	14%
Disabled Person	6,698	23,823	28%
Single Parent, One Child	11,258	20,385	55%
Couple, Two Children	13,359	54,026	25%
<b><u>QUEBEC</u></b>			
Single Employable	6,199	22,919	27%
Disabled Person	8,503	22,919	37%
Single Parent, One Child	13,079	28,019	47%
Couple, Two Children	16,104	58,424	28%

**TABLE 4**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,  
BY FAMILY TYPE AND PROVINCE, 1996**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>ONTARIO</u></b>			
Single Employable	6,809	29,124	23%
Disabled Person	11,759	29,124	40%
Single Parent, One Child	13,676	28,215	48%
Couple, Two Children	18,076	68,943	26%
<b><u>MANITOBA</u></b>			
Single Employable	6,269	23,331	27%
Disabled Person	8,227	23,331	35%
Single Parent, One Child	11,331	27,892	41%
Couple, Two Children	17,921	57,028	31%
<b><u>SASKATCHEWAN</u></b>			
Single Employable	5,959	26,332	23%
Disabled Person	8,755	26,332	33%
Single Parent, One Child	12,091	-----	----
Couple, Two Children	17,451	58,262	30%
<b><u>ALBERTA</u></b>			
Single Employable	4,927	26,595	19%
Disabled Person	6,789	26,595	26%
Single Parent, One Child	10,793	24,990	43%
Couple, Two Children	17,367	60,169	29%
<b><u>BRITISH COLUMBIA</u></b>			
Single Employable	6,332	27,064	23%
Disabled Person	9,592	27,064	35%
Single Parent, One Child	13,700	28,733	48%
Couple, Two Children	17,906	66,755	27%

### **Provincial and Territorial Benefits Over Time**

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 5 summarizes the ups and downs of recent years.

The figures for 1996 consist of benefits taken from Table 2 that are exclusively within provincial and territorial jurisdiction - in other words, total welfare incomes minus the federal Child Tax Benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1996 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 and 1989 through 1996 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is limited to 1989 through 1996. The first estimates of welfare incomes in the Northwest Territories were done for 1993, so the table shows comparisons only since that time.

From 1995 to 1996, most welfare recipients in Canada saw further erosion of their already precarious financial well-being. The cost of living went up by 1.6 percent, and welfare benefits were frozen or even decreased in most jurisdictions. Whenever the change from 1995 to 1996 appears as -1.6 percent in Table 5, the rates were frozen and people lost 1.6 percent of their purchasing power to inflation.

Between 1995 and 1996, benefits increased in only five cases. In Prince Edward Island, incomes for disabled people rose by 1.2 percent; in Nova Scotia, rates for couples with two children rose 7.3 percent; in Quebec, rates for disabled people rose by 0.6 percent, and rates for single parents rose by 0.6 percent; in the Northwest Territories, rates for disabled people rose by 0.2 percent.

The 1996 Newfoundland budget made the lower room and board rate the rule for all single employable people, creating the largest single drop in annual welfare incomes - 43.1 percent.

The next largest drops in annual welfare incomes affected Ontario single employable people, single-parent families, and families with children. Welfare rates for all recipients except the aged and the disabled in Ontario were cut by 21.6 percent as of October 1995.

Since we calculate welfare incomes using a calendar year, our 1995 calculations for Ontario showed only three months at the lower rates. This meant that the net decrease between 1994 and 1995 was less than eight percent. In 1996, the lower rates were in effect for the full year, resulting in net decreases of nearly 18 percent between 1995 and 1996. Between 1994 and 1996, the drop in income was nearly 24 percent.

The far-right column in Table 5 shows that, between 1986 and 1996, about one-third of the welfare households covered in this report saw improvements in their purchasing power while two-thirds saw their financial situation deteriorate. The most significant losses occurred in Newfoundland (for single people), Prince Edward Island, Saskatchewan and Alberta. Significant gains were recorded in Quebec (for single people), British Columbia and Yukon.

Changes in welfare rates over time are not necessarily gradual and progressive. For example, Ontario's rates improved significantly between 1986 and the early nineties as a result of reforms which occurred during that period. Since 1993, however, incomes in Ontario have been decreasing. After adjusting for inflation, 1996 income for all family types in Ontario were lower than they were in 1986, except for disabled recipients.

Over the same 11 years, the biggest losers were single employable people in Newfoundland and Alberta, whose purchasing power dropped by 45.6 percent and 42.5 percent respectively.



TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<b>NEWFOUNDLAND</b>											
Single Employable	4,595	4,430	4,408	4,335	4,555	4,499	4,486	4,395	2,502	-43.1%	-45.6%
Disabled Person		8,925	8,839	8,562	8,761	8,642	8,617	8,443	8,310	-1.6%	
Single Parent, One Child	11,521	11,279	11,268	11,380	11,859	11,712	11,679	11,442	11,262	-1.6%	-2.2%
Couple, Two Children	13,327	13,048	13,030	12,596	12,834	12,673	12,637	12,381	12,186	-1.6%	-8.6%
<b>PRINCE EDWARD ISLAND</b>											
Single Employable	8,535	8,254	8,223	8,210	8,336	8,274	7,425	5,725	5,245	-8.4%	-38.5%
Disabled Person		9,606	9,517	9,370	9,493	9,410	9,283	8,939	9,048	1.2%	
Single Parent, One Child	11,765	11,379	11,478	11,374	11,564	11,494	11,262	10,733	10,242	-4.6%	-12.9%
Couple, Two Children	17,240	16,948	16,961	17,039	17,265	17,130	16,782	16,117	14,873	-7.7%	-13.7%
<b>NOVA SCOTIA</b>											
Single Employable	6,273	6,991	6,676	6,341	6,252	6,140	6,122	5,998	5,922	-1.3%	-5.6%
Disabled Person		9,203	9,153	9,009	8,896	8,736	8,860	8,705	8,568	-1.6%	
Single Parent, One Child	10,863	11,186	11,114	10,968	10,980	10,783	10,923	10,729	10,560	-1.6%	-2.8%
Couple, Two Children	13,076	14,230	13,609	13,137	13,165	12,971	12,933	12,672	13,602	7.3%	4.0%
<b>NEW BRUNSWICK</b>											
Single Employable	3,092	3,343	3,296	3,222	3,228	3,182	3,198	3,146	3,132	-0.4%	1.3%
Disabled Person		8,761	8,631	8,369	8,387	8,332	6,529	6,511	6,483	-0.4%	
Single Parent, One Child	9,286	9,065	8,930	8,721	8,794	8,819	9,171	9,628	9,573	-0.6%	3.1%
Couple, Two Children	10,045	9,807	9,648	9,546	9,868	9,892	10,241	10,778	10,711	-0.6%	6.6%

TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<b>QUEBEC</b>											
Single Employable	3,254	4,179	5,935	6,156	6,348	6,365	6,222	6,096	6,000	-1.6%	84.4%
Disabled Person		7,513	7,800	8,012	8,267	8,262	8,387	8,217	8,268	0.6%	
Single Parent, One Child	10,951	10,154	10,828	9,897	11,250	11,715	11,955	11,713	11,528	-1.6%	5.3%
Couple, Two Children	14,154	13,261	12,986	13,351	13,820	14,227	14,024	13,741	13,524	-1.6%	-4.5%
<b>ONTARIO</b>											
Single Employable	6,955	7,474	8,166	8,371	8,669	8,638	8,634	8,024	6,584	-17.9%	-5.3%
Disabled Person		10,791	11,520	11,760	11,969	11,898	11,890	11,650	11,466	-1.6%	
Single Parent, One Child	12,456	13,413	15,042	15,394	15,691	15,663	15,657	14,535	11,940	-17.9%	-4.1%
Couple, Two Children	15,505	16,927	19,737	20,081	20,540	20,483	20,286	18,716	15,428	-17.6%	-0.5%
<b>MANITOBA</b>											
Single Employable	6,901	7,157	7,255	7,159	7,313	7,193	6,687	6,562	6,070	-7.5%	-12.0%
Disabled Person		7,782	7,686	7,550	9,294	8,368	8,293	8,125	7,997	-1.6%	
Single Parent, One Child	10,661	10,444	10,325	10,141	11,244	10,085	9,993	9,790	9,636	-1.6%	-9.6%
Couple, Two Children	16,153	16,950	18,250	18,235	18,788	17,125	17,405	17,042	15,273	-10.4%	-5.4%
<b>SASKATCHEWAN</b>											
Single Employable	5,777	5,779	5,652	5,477	5,692	5,990	5,973	5,852	5,760	-1.6%	-0.3%
Disabled Person		9,417	9,125	8,764	8,694	8,611	8,586	8,412	8,520	1.3%	
Single Parent, One Child	11,853	11,803	11,475	11,033	10,919	10,796	10,765	10,548	10,381	-1.6%	-12.4%
Couple, Two Children	16,627	16,377	15,913	15,279	15,549	15,333	15,348	15,040	14,803	-1.6%	-11.0%

TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<b>ALBERTA</b>											
Single Employable	8,220	5,711	5,451	5,922	5,973	5,628	4,903	4,804	4,728	-1.6%	-42.5%
Disabled Person		7,063	6,742	7,092	7,053	6,845	6,811	6,693	6,588	-1.6%	
Single Parent, One Child	12,036	10,708	10,222	10,715	10,700	10,271	9,532	9,339	9,192	-1.6%	-23.6%
Couple, Two Children	17,895	15,777	15,060	16,585	16,622	16,006	15,007	14,856	14,622	-1.6%	-18.3%
<b>BRITISH COLUMBIA</b>											
Single Employable	5,871	6,440	6,588	6,476	6,680	6,701	6,860	6,743	6,131	-9.1%	4.4%
Disabled Person		8,887	9,198	8,976	9,379	9,440	9,649	9,486	9,337	-1.6%	
Single Parent, One Child	10,574	11,633	11,763	11,514	12,044	12,084	12,367	12,155	11,964	-1.6%	13.1%
Couple, Two Children	14,443	14,530	14,639	14,285	15,238	15,324	15,771	15,502	15,258	-1.6%	5.6%
<b>YUKON</b>											
Single Employable	6,977	8,419	8,525	8,376	8,361	8,211	8,187	8,021	7,895	-1.6%	13.2%
Disabled Person		9,418	9,478	9,278	9,250	9,084	9,058	9,545	9,395	-1.6%	
Single Parent, One Child	12,529	13,916	14,010	13,876	13,886	13,636	13,597	13,322	13,112	-1.6%	4.6%
Couple, Two Children	19,197	20,891	20,764	20,740	20,931	20,556	20,496	20,081	19,765	-1.6%	3.0%
<b>NORTHWEST TERRITORIES</b>											
Single Employable						11,756	11,722	11,485	11,229		-2.2%
Disabled Person						13,316	13,278	13,009	13,029		0.2%
Single Parent, One Child						19,931	19,873	19,471	19,074		-2.0%
Couple, Two Children						23,587	23,556	23,079	22,596		-2.1%



### **Adequacy of Welfare Incomes Over Time**

In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 1996. We have used the total income of welfare recipients, including assistance from provincial governments, the federal Child Tax Benefit, provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for disabled people begin in 1989.

The next to last column shows that between 1995 and 1996, the standard of living for people on welfare improved in only three cases. Incomes for disabled people in Prince Edward Island rose 0.5 percent, but remained at 67 percent of the poverty line when the figures were rounded off. In Nova Scotia, the two-parent family's income rose 3.1 percent. In Saskatchewan, the disabled person's income rose 1.1 percent. All the other welfare households got even poorer.

The far right column shows that between 1986 and 1996, two-thirds of the welfare households sank deeper into poverty. In Prince Edward Island, the income of a single employable person dropped by over 22 percent. In Alberta, the same person lost over 20 percent.

Between 1995 and 1996, the most serious losses were in Newfoundland and Ontario. In Newfoundland, the living standard of single employable people dropped 13.9 percent from 33 percent of the poverty line in 1995 to 19 percent of the line in 1996, when the Newfoundland government made room and board accommodation the rule for all single employables. In Ontario, the living standard of two-parent families with children dropped over ten percent to 57 percent of the poverty line. The incomes of single-parent families in Ontario dropped 12 percent to 63 percent of the poverty line. Cuts and freezes to welfare rates in Ontario brought welfare incomes below what they were in 1986.



At no point between 1986 and 1996 did any province provide welfare benefits which allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided benefits for couples with children which reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single parents which reached 80 percent of the poverty line. In both cases, incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different types of families in need of assistance. The poorest of all welfare recipients in Canada are always single employable people. Welfare rates for other categories of recipients are never lower than those of this group.

The adequacy of incomes for people with disabilities has remained relatively stable in comparison to the incomes to other welfare recipients. During recent welfare reforms, provinces frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989, where the incomes for people with disabilities dropped to 67 percent of the poverty line in 1996. The least adequate assistance for disabled people was in Alberta in 1996, where incomes reached only 42 percent of the poverty line. It should be noted that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program.

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. A single parent with one child received an income worth only 50 percent of the poverty line in Manitoba in 1989, or in Alberta in 1995 and 1996.

The lowest welfare income in Canada for a couple with two children on welfare was 44 percent of the poverty line for families in New Brunswick in 1989 and 1990. The highest income for families on welfare was 78 percent of the poverty line in Prince Edward Island in 1989.

TABLE 6

## WELFARE INCOMES AS PERCENTAGES OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<b><u>NEWFOUNDLAND</u></b>											
Single Employable	33	32	32	33	34	33	33	33	19	-13.9%	-13.4%
Disabled Person		64	63	63	64	63	63	62	61	-1.4%	
Single Parent, One Child	68	66	67	69	71	71	70	69	68	-1.1%	0.2%
Couple, Two Children	58	56	56	56	56	55	55	54	53	-1.0%	-4.9%
<b><u>PRINCE EDWARD ISLAND</u></b>											
Single Employable	62	66	60	62	62	62	56	43	40	-3.4%	-22.4%
Disabled Person		77	70	70	71	70	69	67	67	0.5%	
Single Parent, One Child	71	75	69	71	71	71	70	67	64	-3.0%	-6.7%
Couple, Two Children	74	78	71	73	73	73	71	69	64	-4.9%	-9.5%
<b><u>NOVA SCOTIA</u></b>											
Single Employable	44	50	48	47	46	45	45	44	43	-0.6%	-1.1%
Disabled Person		66	66	66	65	64	65	63	62	-0.6%	
Single Parent, One Child	64	66	66	67	67	66	67	65	64	-0.8%	-0.2%
Couple, Two Children	57	60	58	58	57	56	56	55	58	3.1%	1.1%
<b><u>NEW BRUNSWICK</u></b>											
Single Employable	22	24	24	25	24	24	24	24	24	-0.4%	1.7%
Disabled Person		63	62	62	61	61	61	48	47	-0.5%	
Single Parent, One Child	56	55	55	55	55	55	57	59	59	-0.1%	2.8%
Couple, Two Children	46	44	44	45	45	45	46	48	48	-0.3%	1.6%

TABLE 6

## WELFARE INCOMES AS PERCENTAGES OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<b>QUEBEC</b>											
Single Employable	20	31	48	41	41	41	40	39	39	-0.4%	18.3%
Disabled Person		47	49	53	53	53	54	53	53	-0.1%	
Single Parent, One Child	57	54	58	54	59	60	62	61	60	-0.9%	3.4%
Couple, Two Children	54	54	59	52	52	53	52	51	51	-0.5%	-3.6%
<b>ONTARIO</b>											
Single Employable	43	47	52	54	55	55	55	51	42	-8.6%	-0.9%
Disabled Person		68	72	75	76	76	76	74	73	-0.8%	
Single Parent, One Child	64	68	76	79	80	80	80	75	63	-12.2%	-1.0%
Couple, Two Children	58	61	70	72	73	73	72	67	57	-10.3%	-1.0%
<b>MANITOBA</b>											
Single Employable	43	40	46	46	47	47	44	42	39	-3.0%	-3.9%
Disabled Person		43	49	49	59	53	53	52	51	-0.8%	
Single Parent, One Child	56	50	54	55	60	54	54	53	52	-1.0%	-3.5%
Couple, Two Children	60	60	65	67	68	63	64	62	56	-5.8%	-3.5%
<b>SASKATCHEWAN</b>											
Single Employable	41	42	41	41	42	44	44	43	42	-0.8%	1.3%
Disabled Person		67	65	65	63	63	63	61	62	1.1%	
Single Parent, One Child	70	69	68	68	66	66	66	64	63	-0.8%	-6.3%
Couple, Two Children	70	68	66	65	65	65	65	63	62	-0.6%	-7.3%

TABLE 6

WELFARE INCOMES AS PERCENTAGES OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<b><u>ALBERTA</u></b>											
Single Employable	51	36	35	39	38	36	32	31	31	-0.3%	-20.5%
Disabled Person		44	43	60	45	44	44	43	42	-0.7%	
Single Parent, One Child	61	55	53	57	57	54	52	50	50	-0.4%	-11.8%
Couple, Two Children	66	58	56	62	61	59	56	55	55	-0.5%	-11.1%
<b><u>BRITISH COLUMBIA</u></b>											
Single Employable	37	41	42	40	43	43	44	43	39	-3.6%	2.9%
Disabled Person		56	58	58	60	60	61	61	60	-1.3%	
Single Parent, One Child	55	60	61	62	64	64	65	64	63	-1.1%	7.8%
Couple, Two Children	54	53	54	54	56	57	57	57	56	-0.8%	1.8%



As the graphs on the next page illustrate, there is wide variation in the adequacy of welfare incomes even within regions. Among the five eastern provinces, the most consistently low welfare incomes for single employable people were in New Brunswick. Single employable people on welfare in New Brunswick received grossly inadequate assistance ranging from a low of 22 percent of the poverty line in 1986 to 25 percent of the poverty line in 1991. In 1996, the Newfoundland government imposed a severe cut to the welfare rates of single employables, bringing those incomes to 19 percent of the poverty line.

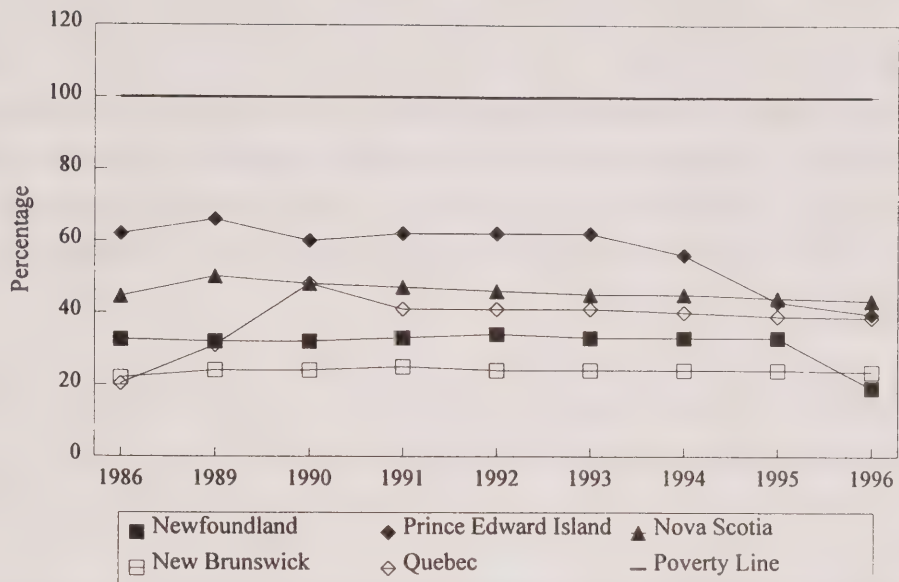
The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 1996, welfare incomes in P.E.I. had deteriorated to 40 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 40 percent by 1996. Nova Scotia's incomes dropped to only 43 percent of the poverty line. By 1996, the income of a single employable person in Newfoundland - 19 percent of the poverty line - was worse than that in New Brunswick.

Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 39 percent in 1996. Saskatchewan's incomes rose and fell slowly throughout the period, arriving at 42 percent by 1996. British Columbia incomes remained constant but low.

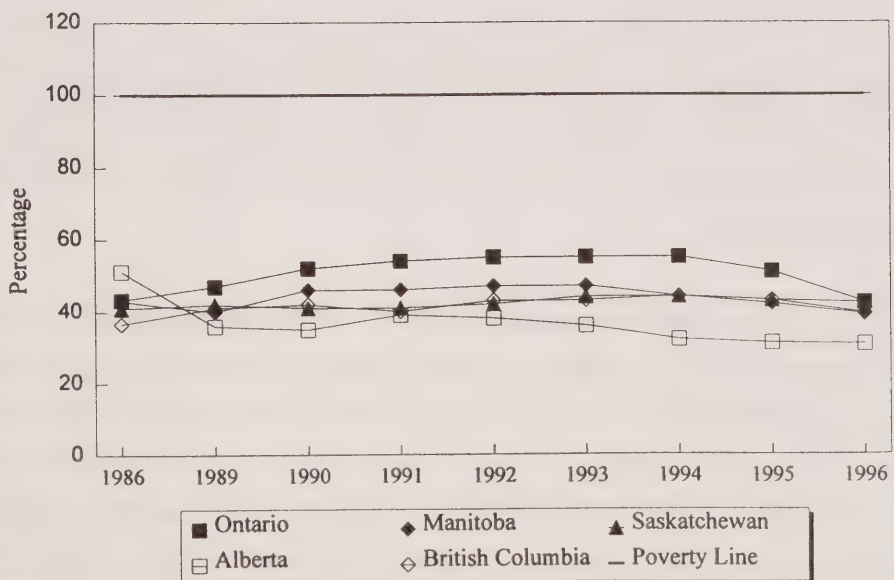
In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 1996, Ontario's support for single employable people had dropped to its least adequate ever: 42 percent of the poverty line. In Alberta, incomes dropped from a high of 51 percent in 1986 to 31 percent in 1996.

Welfare incomes in all the provinces are grossly inadequate. Yet instead of improving the living standards of people on welfare, the provinces have imposed freezes and cuts to welfare rates, gravitating to the lowest standards. The National Council of Welfare is extremely concerned about this trend. Incomes which provide adequate standards of living covering the cost of the necessities of life must be a goal of welfare programs.

### Welfare Incomes Over Time As % of Poverty Line Single Employable People



### Welfare Incomes Over Time As % of Poverty Line Single Employable People



## **Earnings Exemptions**

The figures in the tables above do not take into account the fact that welfare incomes may be increased by personal earnings. Each province and territory allows welfare recipients to retain a certain amount - a flat-rate sum and/or a percentage of earnings - without any reduction in their welfare cheques. These extra amounts were not included in the tables because it is not certain that recipients would actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Allowable earnings exemptions in each province and territory are presented in Table 7. The exemptions vary by family size and sometimes by employability. All provinces recognize work-related expenses, including child care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemptions policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. It is disheartening to note that Canada's two largest provinces have opted for higher earnings exemptions instead of increases in welfare benefit levels.

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold, based on the recipient household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the benefit level payable to the household. Employable people, including single parents with children of school age, have to find work to get the same total income. Finding a decent job is hard enough

today with high unemployment in the province. But for people on welfare, there is the added barrier of insufficient training and, for single mothers, a shortage of quality affordable day care.

Ontario changed its earnings exemption policies in the fall of 1995 following the 21.6 percent reduction in welfare benefits for all recipients except the aged and the disabled. The Minister of Community and Social Services promised that recipients whose benefits had been cut could make up the amount lost by working, and earnings exemption ceilings were raised in October 1995. However, opposition parties and welfare advocacy groups were quick to show that the new policy did not in fact allow large families to make up any losses due to the cuts. Because of public pressure, the government of Ontario refined its policy and increased the size of the exemption according to the size of the family. To its credit, Ontario also compensated welfare families for any income they had lost because of the original policy change.

The National Council of Welfare feels that it is fair to require some effort on the recipient's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. But we also feel that welfare rates should be based on the cost of a reasonable basket of goods and that recipient households should receive the full amount. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy; cutting benefits is not.

The amounts shown in Table 7 are the earnings exemption levels which were in effect in January 1996. There were no significant changes in earnings exemption policies after that, except in Manitoba and Yukon. These will be reflected in next year's report.



TABLE 7

## MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996

	Unemployable	Employable
Newfoundland <sup>1</sup>	<p>For adults on social assistance for reasons other than unemployment (excluding disability), \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>For families on social assistance for reasons other than unemployment, \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>For a disabled adult, up to \$95 a month</p> <p>For a family with disabled member(s), up to \$190 a month</p>	<p>For adults who are unemployed, 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>For unemployed families, 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island <sup>2</sup>	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	
Nova Scotia <sup>3</sup>	<p>For single persons, \$100 + 25% of gross earnings or vocational training allowances</p> <p>For families, \$200 + 25% of gross earnings or vocational training allowances</p> <p>For single people with disabilities who are in an approved education program, \$275 + 25% of monthly training allowances</p>	<p>From net wages:</p> <p>\$50 single person<sup>4</sup></p> <p>\$100 family<sup>4</sup></p>

**TABLE 7**  
**MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996**

	Unemployable	Employable
New Brunswick	<p>\$150 single person \$200 family</p>	<p>\$150 single person \$200 family</p> <p>Where a recipient has been designated as having high employment potential, exemptions are increased for one person by an additional monthly amount of \$250 for two months. Exemptions for a family are increased by an additional monthly amount of \$200 for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p> <p>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the recipients' employment seems likely to lead to self-sufficiency (e.g., is not temporary or seasonal). The Extended Wage Exemption lasts for twelve months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Singles and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month.</p> <p>Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.</p>

**TABLE 7**  
**MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996**

	Unemployable	Employable
Quebec <sup>5</sup>	\$100 single person or family	<p>\$174 single person</p> <p>\$60 single parent</p> <p>\$225 two-parent family</p>
Ontario <sup>6</sup>	<p>Single person: First \$143, and 25% of remainder of earnings</p> <p>Single parent, one child: First \$275, 25% of remainder of earnings and child care</p> <p>Couple, two children: First \$346, 25% of remainder of earnings and child care</p>	
Manitoba	<p>The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings.</p> <p>For newly-enrolled applicants and self-employed persons, \$50 a month up to \$600 a year</p>	<p>\$95 single person</p> <p>\$130 household of two persons or more<sup>7</sup></p>
Saskatchewan <sup>8</sup>	<p>First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person</p> <p>First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled</p>	<p>First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled</p> <p>First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled</p>

**TABLE 7**

**MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996**

	Unemployable	Employable
Alberta	\$115 plus 25% of net income over \$115 <sup>9</sup>	
British Columbia	25% of any income earned after recipient has been on welfare for three months. The exemption is available only twelve months during a 36 month period. The twelve months need not be consecutive.	
Northwest Territories	<p>\$50 (no dependents)</p> <p>\$100 (dependents)</p>	
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week); earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependents or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more<sup>10</sup></p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p>	



## NOTES TO TABLE 7

1. Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.
2. The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum exemption of \$50 a month may be allowed against income that is derived on an irregular basis and is considered non-insurable under the Unemployment Insurance Act. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries use their own vehicles to travel to and from work.
3. There is a total exemption of earned income for the first month of full-time employment for unemployable recipients on provincial welfare (the disabled person and the single parent). Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.
4. These are the earnings exemptions for the City of Halifax (called the Halifax Regional Municipality after April 1996).
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "unavailable" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "non-participant" category of the program.
6. Ontario changed its earnings exemption policies in 1995.
7. These are the earnings exemptions for the City of Winnipeg.
8. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment.
9. Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$165 a month plus 25 percent of additional earnings.
10. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.

## **Conclusion**

Welfare is a degrading experience for the vast majority of recipients. Applicants have to exhaust almost all their liquid assets to qualify for help. Welfare entitlements are determined by a labyrinth of rules and regulations that may or may not make sense. “Need” is as much a dictate of governments as it is a reflection of the cost of the necessities of life. The huge amount of discretion in the system makes it almost impossible to know whether people are being treated fairly.

The income provided by most provincial and territorial welfare programs is grossly inadequate for the vast majority of recipients. Yet welfare recipients have actually seen their incomes decline in recent years due to cuts and freezes in welfare programs, and the situation is likely to deteriorate further as all levels of government continue to tighten their purse strings.

The National Council of Welfare has long been concerned about governments seeking to save money at the expense of the poor. Our 1990 report The Canada Assistance Plan: No Time for Cuts strongly criticized the federal government for proceeding with plans to limit its cost-sharing of welfare and social services in Ontario, Alberta and British Columbia. Much of that criticism was repeated and amplified in our 1995 report on the proposed new Canada Health and Social Transfer entitled The 1995 Budget and Block Funding. Our 1997 report Another Look at Welfare Reform again raises our concerns about the fairness and adequacy of the welfare system.

Under the Canada Health and Social Transfer, the federal government reduced its contribution to medicare, post-secondary education, welfare and social programs by more than \$7 billion in fiscal years 1996-97 and 1997-98. Cuts in federal support for welfare and social services have had a devastating effect on provincial and territorial programs.

In Another Look at Welfare Reform, the National Council of Welfare recommends that the federal, provincial and territorial governments agree to a totally new package of financial agreements for social programs with the following four features:

- the abolition of the Canada Health and Social Transfer at the earliest possible date;
- four new “cash only” deals to allow the federal government to defray the costs of medicare, post-secondary education, welfare and social services;

- legislation to prevent the federal government from making arbitrary and unilateral changes in any of the four cash-only deals; and
- firm guarantees by provincial and territorial governments to respect minimum national standards for welfare.

The National Council of Welfare also recommends that welfare rates be high enough to cover the cost of necessities of life. Welfare rates that amount to a small fraction of the poverty line do not allow people the goods and services essential to a household. Arbitrary cuts and freezes to welfare rates erode both the standard of living of welfare recipients, and the fairness of the welfare system as a whole. Provincial and territorial governments could establish fair welfare rates by developing a list of essential goods and services and determining their cost in local markets.

Guarantees of fairness and adequacy in the welfare system are the only protection against further deterioration of the living conditions of the children, women and men on welfare. Without such protections in place, the National Council of Welfare is extremely concerned that the poorest of the poor will be irrevocably cut off from the mainstream of Canadian life.

**APPENDIX**

**ESTIMATED NUMBER OF PEOPLE ON WELFARE  
BY PROVINCE AND TERRITORY**

Province or Territory	March 31, 1995	March 31, 1996	Increase or Decrease
Newfoundland	71,300	72,000	1.0%
Prince Edward Island	12,400	11,700	-5.6%
Nova Scotia	104,000	103,100	-0.9%
New Brunswick	67,400	67,100	-0.4%
Quebec	802,200	813,200	1.4%
Ontario	1,344,600	1,214,600	-9.7%
Manitoba	85,200	85,800	0.7%
Saskatchewan	82,200	80,600	-1.9%
Alberta	113,200	105,600	-6.7%
British Columbia	374,300	369,900	-1.2%
Yukon	2,100	1,700	-19.0%
Northwest Territories	12,000	11,800	-1.7%
CANADA	3,070,900	2,937,100	-4.4%

Source: Social Program Information and Analysis Division,  
Social Policy Directorate,  
Human Resources Development Canada



## NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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# Welfare Incomes 1997 and 1998

A Report by the  
National Council of Welfare



Winter 1999-2000

Canada





**WELFARE INCOMES 1997 AND 1998**

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National Council of Welfare**

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## **FOREWORD**

Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for 1997 and 1998 for four types of households: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. The National Council of Welfare has published similar estimates since 1986.

The National Council of Welfare is grateful to the officials of provincial and territorial governments who took the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and co-operation of the Quantitative and Information Analysis Division of the Social Policy Directorate at Human Resources Development Canada.

In all the years the Council has tracked welfare incomes, we have found that incomes in all parts of Canada fall well below the poverty line and represent a tiny fraction of average incomes. The fact that welfare programs continue to keep recipients - including children - in such deep poverty is deeply disappointing. In 1989, the House of Commons passed a unanimous resolution calling for the end of child poverty by 2000. At the First Ministers' meeting in June 1996, the Prime Minister and the premiers stated that they would make child poverty their priority. The Throne Speech of October 1999 made even more statements about the federal government's intentions to create a national plan to provide supports to families.

Despite these promises, people on welfare have seen cuts in their welfare rates almost everywhere. Families with children on welfare have not been spared this suffering. Nor did many welfare families benefit from the Canada Child Tax Benefit launched on July 1, 1998. Most provincial and territorial governments clawed back the increase in federal funds from families with children on welfare and spent the money on other programs for children. Only two provinces, Newfoundland and New Brunswick, allowed families with children on welfare to keep the money and use it to improve their living conditions.

Welfare Incomes 1997 and 1998 shows for the first time the perverse impact of the clawback as of July 1998. The clawback has effectively frozen welfare incomes and dampened prospects for increases in the future. It has also made it possible for the provinces and territories to evade their responsibilities to the poorest of the poor.



## **What is Welfare?**

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, the Canada Health and Social Transfer (CHST) replaced CAP. Under the CHST, the federal government reduced its transfer payments to the provinces and territories for health, education and social services. As of July 1, 1998, the Canada Child Tax Benefit has covered some of the cost of welfare for families with children.

Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada: one in each province and territory. Despite the fact that each of the 12 systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

A thirteenth welfare system was created when Nunavut Territory was established in April 1999. Future editions of Welfare Incomes will show the same information about this new welfare system.

## **Eligibility**

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Single parents must try to secure any court-ordered maintenance support to which they are entitled. People who are disabled require medical certification



of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a “needs test.” The welfare department compares the budgetary needs of an applicant and any dependants with the assets and income of the household. Needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household’s non-exempted financial resources are less than the cost of regularly recurring needs that the welfare department considers acceptable, for example, food, shelter, household, personal needs and special needs.

First, the needs test examines applicants’ fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (that is, cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces and territories) appear in Table 1. The amounts vary by household size and employability. Where a household’s liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels that were in effect in January 1998.

**TABLE 1**

**LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1998**

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single Person with Disability	Single Person	Family
Newfoundland <sup>1</sup>	\$1,500	\$2,500	\$3,000	\$40	\$100
Prince Edward Island	**2	\$1,200	\$900	\$50 <sup>3</sup>	\$50 <sup>4</sup>
Nova Scotia	\$1,500 <sup>5</sup>	\$2,500	\$3,000	Province generally requires applicants to expend liquid assets to meet basic needs.	
New Brunswick	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
Quebec <sup>6</sup>	**7	**8	\$2,500	\$1,500	\$2,500 <sup>9</sup>
Ontario <sup>10</sup>	\$2,500			Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance.	
				Assets equal to 1-2 weeks' assistance may be exempted (or 1-3 months' assistance in the case of a temporarily unemployable person). Maximum exemptions (\$2,500 for single and \$5,000 for a couple plus \$500 per dependent) may apply to households to be transferred to long-term assistance.	Assets equal to 1 to 3 months of assistance.

TABLE 1

## LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1998

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single Person with Disability	Single Person	Family
Manitoba <sup>11</sup>	\$1,000	\$2,000	\$2,000	0	0
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 <sup>12</sup>
Alberta	\$1,500	\$2,500	\$1,500 <sup>13</sup>	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia <sup>14</sup>	\$500	\$5,000	\$3,000	\$500	\$5,000
Northwest Territories	The director may determine that some assets should not be converted into cash for social or economic reasons and are exempt from the inclusion as a personal resource.				
Yukon <sup>15</sup>	\$500	\$1,800	\$1,500	\$100	\$200



## NOTES TO TABLE 1

<sup>1</sup> On August 1, 1997, Newfoundland reduced the liquid asset exemptions for a single unemployable person from \$2,500 to \$1,500 and reduced the exemption for a single unemployable single parent with one dependent from \$5,000 to \$2,500.

<sup>2</sup> In Prince Edward Island, single applicants were not considered unemployable unless they were disabled.

<sup>3</sup> This level applies to unemployed applicants who require assistance for less than four months. For a single person on assistance for four months or more, the liquid asset exemption level is \$200.

<sup>4</sup> This level applies to unemployed applicants who require assistance for less than four months. For persons with dependants who are on welfare for four months or more, liquid asset exemption levels are \$1,200 to \$2,400, depending on family size.

<sup>5</sup> This exemption applies to single persons over 60 years of age who are not eligible for the Old Age Security pension. Nova Scotia did not consider single applicants unemployable unless they were disabled. Married couples with a disabled partner may keep assets of \$5,500.

<sup>6</sup> Quebec created a two-step test for applicants to welfare in April 1996. To qualify for welfare, an applicant's liquid assets must be less than the equivalent of the cost of one month's recognized household needs. If an applicant does not pass this part of the test, the application is refused for the rest of the month. If the applicant has less than one month's recognized household needs, the welfare cheque for that month is calculated based on the rest of the days left in that month. Quebec reduces this amount by the value of those liquid assets not excluded by regulation. An exception is made if the welfare cheque is intended to cover the cost of rent, electricity or heating. Once an applicant has qualified for welfare, the asset exemption goes back to its existing level. As of July 1998, Quebec raised the asset exemptions for families with dependent children.

<sup>7</sup> Quebec will only allow recipients to claim the asset exemptions for "unemployable" welfare recipients if they are disabled according to the definition of the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption.

<sup>8</sup> Quebec will only allow recipients to claim the asset exemptions for "unemployable" welfare recipients if they are disabled according to the definition of the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption. As of December 1998, a single person with one dependent child would qualify for an additional exemption of \$325.



<sup>9</sup> Quebec exempts an additional \$147 for children over 18 who attend secondary school. As of December 1998, Quebec allows an extra exemption of \$325 for a single parent with one dependent minor child, \$525 for a single parent with two children, \$217 for a couple with one child and \$417 for a couple with two children. Quebec allows a further \$200 for each additional dependent child under 18.

<sup>10</sup> Ontario may allow households applying for or in receipt of welfare to exceed the maximum exemption level if the savings will be used for an item Ontario deems necessary for the well-being of a member of the household, for example, a specially equipped van or an electric wheelchair.

<sup>11</sup> The provincial government has taken over the administration of all welfare in Manitoba. The provincial Municipal Assistance Regulation does not allow any liquid asset exemption for applicants. However, once a person or family has qualified for assistance, municipalities have the discretion to allow an exemption of up to \$400 per person to a maximum of \$2,000 per household.

<sup>12</sup> The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.

<sup>13</sup> Alberta grants an exemption of up to \$3,000 if a person is severely and permanently disabled and has high needs because of the costs of personal support services. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped (AISH) program, which has no asset test, rather than welfare.

<sup>14</sup> These exemption levels apply to British Columbia welfare recipients under age 55. The liquid asset exemption for single recipients 55 and older is \$3,000. There is an additional \$500 liquid asset exemption for each additional dependent.

<sup>15</sup> The exemption level for employables applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Some types of income, such as the basic federal Child Tax Benefit (but not the supplement) and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Welfare departments consider that income from other sources such as employment, pensions and unemployment insurance is fully or partially available for support of the household.

In most provinces and territories, welfare departments consider the supplement to the Canada Child Tax Benefit to be income that is deducted 100 percent from the family welfare cheque. Some provinces have reduced the amount of welfare they provide to families with children instead of treating the federal benefit as income. Only Newfoundland and New Brunswick allow families with children that are on welfare to keep the supplement to the Canada Child Tax Benefit.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share with the provinces and territories the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory has replaced its needs test.

### **Rates of Assistance**

Every province and territory uses a different method of calculating basic social assistance, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or “in kind” support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have on-going or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 2 presents a national picture of estimated welfare incomes for 1997 and 1998. The 1997 information is in Table 2 - 1997 and the 1998 welfare incomes are in Table 2 - 1998. The incomes shown are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with a two-year-old child and a two-parent family with two children ten and 15 years of age. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 1997, and January 1, 1998, respectively, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates of what a particular family or a single person might receive. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household.



It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. In Quebec, the welfare department sometimes considers the financial support of young people to be the responsibility of their parents. In those cases, Quebec will reduce the assistance rate and demand a contribution from the parents of the welfare recipient.

These figures are also minimum amounts in that they do not generally include special needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

### **Basic Social Assistance**

The column called basic social assistance shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, clothing, shelter, utilities, personal and household needs. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the supplement to Canada Child Tax Benefit that began in July 1998.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing and the case history.

### **A. Residence**

The rates of social assistance shown for each province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions.



Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

### **B. Ages of Children**

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are ten and 15 years old. This is because some provinces and territories vary a family's entitlement with the age of each child in the household.

### **C. Employability of the Household Head**

In Table 2, we assigned short-term rates of assistance (which are generally lower than long-term rates) to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In April 1997, British Columbia created a "special needs" category for people on welfare who were unable to work. People who were receiving welfare under the earlier "unemployable" category were re-assessed. If they did not meet the new, more stringent criteria, the province reduced their welfare cheques. During the re-assessment period, welfare recipients were allowed to keep the older and higher welfare rate for people designated unemployable. After protests by advocacy groups, the province replaced the special needs category with a disability benefits category with two levels in June 1998. A single person assessed as Disability Benefits Level 1 received \$175 a month less than the previous unemployable category provided. A person with a more severe disability who was classified as Disability Benefits Level 2 received the same rate as the earlier unemployable category. People who were not reassessed in 1997 and 1998 were allowed to keep their old unemployable rate.

#### **D. Type of Housing**

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. All provinces and territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions.

One notable change occurred in the Northwest Territories. Until 1997, there were no maximum rates for shelter. The welfare department covered the cost of actual rents, and these varied widely in the North. As of January 1, 1997, the Northwest Territories created a new welfare program with maximum rents of \$450 a month for the single employable and single disabled people, \$1,100 for the single parent with one child, and \$1,300 for the couple with two children. The Northwest Territories covers the actual cost of utilities, but the territorial government did not provide the National Council of Welfare with the typical amounts paid. The figures for basic assistance in 1997 and 1998 are therefore much lower than those for previous years.

#### **E. Case History**

In order to “annualize” the rates for this report, we assumed that these four typical households started receiving welfare on January 1, 1997, and January 1, 1998, and remained on assistance until the last day of each calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

### **Special Assistance**

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances. The footnotes explain the special assistance in each jurisdiction.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in Column 2 of Table 2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our calculations exclude it.

### **Child Tax Benefit**

The child tax benefit system changed radically in recent years. Successive federal governments have moved to “target” their financial support to families at the lower end of the income spectrum. The federal child tax benefit column shows the basic Child Tax Benefit for 1997 and the first six months of 1998. For the last six months of 1998, the column shows the basic Canada Child Tax Benefit and the supplement.

In 1997, the federal government paid a basic annual benefit of \$1,020 for each child under age 18 in most parts of Canada. Quebec and Alberta asked the federal government for different calculations of the basic benefits. In Quebec, payments vary according to the ages and number of children in each the family. In Alberta, payments vary according to the ages of the children. In all



provinces and territories, there was a supplementary annual benefit of up to \$213 for each child under age seven.

All provinces and territories except Saskatchewan considered the Child Tax Benefit exempt income when they calculated welfare benefits. Saskatchewan deducted the value of the Family Allowance component of the Child Tax Benefit (estimated at \$34.88 a month for each child) from its welfare payments. To account for this in Table 2 - 1997, we reduced the rates of assistance in the basic social assistance column for the two households with children in Saskatchewan by \$34.88 a month for each child. In Table 2 - 1998, we reduced the basic social assistance figures by \$34.88 monthly for January to June 1998 only. Saskatchewan's administration of welfare for families with children changed when the Canada Child Tax Benefit was introduced.

As of July 1, 1998, the federal government provided all families with incomes under \$20,921 with a supplement to the Canada Child Tax Benefit. If a family had one child, the supplement was \$605 a year or \$50.41 a month. Families with two children received a supplement of \$1,010 a year or \$84.16 a month.

Only those families on welfare who lived in Newfoundland and New Brunswick saw an increase in their incomes because of the supplement to the Canada Child Tax Benefit. The other provinces and territories clawed the money back in different ways. In Prince Edward Island, Nova Scotia, Ontario, Manitoba, British Columbia, Yukon and the Northwest Territories, the welfare departments consider the supplement to be non-exempt income that triggers a cut in the families' welfare cheques. In Quebec, Saskatchewan and Alberta, the provincial governments have actually cut welfare benefits by the amount of the supplement to the Child Tax Benefit. In our calculations, we have shown the basic Canada Child Tax Benefit and the supplement under the column called Federal Child Tax Benefit and we have shown the deductions in the column for social assistance.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks under the Canada Child Tax Benefit discriminate against families on welfare. Our 1998 report, Child Benefits: Kids Are Still Hungry, estimated that only 36 percent of poor families with children would benefit



from the Canada Child Tax Benefit. Fifty-nine percent of two-parent poor families but only 17 percent of poor single-parent families would be allowed to keep the benefit. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

### **Provincial and Territorial Child Benefits**

In October 1997, New Brunswick introduced a provincial Child Tax Benefit worth \$21 a child each month, retroactive to April 1997.

Nova Scotia uses the money it claws back from the supplement to the Canada Child Tax Benefit to support the Nova Scotia Child Benefit for all families with net annual incomes below \$16,000. Beginning in July 1998, families receive \$250 a year for their first child, \$168 for the second child and \$136 for the third child.

Quebec provides a family allowance over and above the federal Child Tax Benefit. Until August 1997, Quebec also paid a special allowance to families worth \$9.77 a month for the first child under six. Beginning September 1997, Quebec provided a single-parent supplement. In September 1997, Quebec completely revised and raised its family allowances.

Quebec also provides an earnings supplement to low-income workers with children under its Parental Wage Assistance program. We did not include benefits available from this program in Table 2 because we assumed that welfare households did not have any income from work during the year.

Saskatchewan's Family Income Plan offers low-income families with children up to \$105 a month for each of the first three children in a family and up to \$95 a month for each additional child. The program is income-tested and does not pay supplements above and beyond families' welfare entitlements. Benefits from the Family Income Plan are deemed to be included in Column 1 under basic social assistance.

In July 1996, British Columbia introduced the B.C. Family Bonus as part of a package of initiatives known as B.C. Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have

applied for the Child Tax Benefit. Families on welfare receive \$103 a month per child, which is deducted from their welfare, resulting in no change to the families' total income. The figures in Table 2 include a "support reduction" in the basic social assistance column, and the Family Bonus payments in the additional benefits column.

Northwest Territories uses the money it claws back from the supplement to the Canada Child Tax Benefit to support the N.W.T. Child Benefit for all families with net annual incomes below \$20,921. Beginning in July 1998, families receive \$330 annually for every child.

### **GST Credit**

The column for federal GST credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the Atlantic provinces. The GST credit is paid quarterly. The four payments received in 1997 and 1998 were worth a maximum of \$199 annually for each adult or the first child in a single-parent family. For other dependent children, the total was a maximum of \$105 a year for each child.

Single adults, including single parents, also received an income-tested single person's supplement to a maximum of \$105 in 1997 and 1998 if their 1996 and 1997 incomes were higher than \$6,456.

Prince Edward Island considered the GST credit to be exempt income as of January 1997. This meant that welfare recipients could keep the entire federal benefit.

### **Provincial Tax Credits**

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia.

As of May 1996, welfare recipients are no longer eligible for the Manitoba Cost of Living and Property Tax Credits.

TABLE 2 - 1997

**ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD**

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>NEWFOUNDLAND<sup>3</sup></b>							
Single Employable <sup>4</sup>	1,068				199	40	1,307
Disabled Person <sup>5</sup>	6,833	1,500			236	40	8,609
Single Parent, One Child	11,260		1,233		494	100	13,087
Couple, Two Children	12,209		2,040		608	200	15,057
<b>PRINCE EDWARD ISLAND<sup>6</sup></b>							
Single Employable	5,316				199		5,515
Disabled Person <sup>7</sup>	7,116	1,092			248		8,456
Single Parent, One Child	9,972		1,233		477		11,682
Couple, Two Children <sup>8</sup>	14,976	175	2,040		608		17,799
<b>NOVA SCOTIA<sup>9</sup></b>							
Single Employable <sup>10</sup>	4,428				199		4,627
Disabled Person	8,568				241		8,809
Single Parent, One Child	10,560		1,233		480		12,273
Couple, Two Children	13,992		2,040		608		16,640
<b>NEW BRUNSWICK<sup>11</sup></b>							
Single Employable	3,168				199		3,367
Disabled Person <sup>12</sup>	6,663				199		6,862
Single Parent, One Child <sup>13</sup>	8,772	900	1,233	168	459		11,532
Couple, Two Children <sup>14</sup>	9,828	1,000	2,040	336	608		13,812

TABLE 2 - 1997

**ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD**

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>QUEBEC<sup>15</sup></b>							
Single Employable <sup>16</sup>	5,910				199		6,109
Disabled Person <sup>17</sup>	8,388				233		8,621
Single Parent, One Child <sup>18</sup>	9,429	738	1,082	924	497		12,670
Couple, Two Children <sup>19</sup>	11,304	877	1,869	853	608		15,511
<b>ONTARIO<sup>20</sup></b>							
Single Employable	6,240				210	383	6,833
Disabled Person <sup>21</sup>	11,160				293	306	11,759
Single Parent, One Child <sup>22</sup>	11,484	105	1,233		502	373	13,697
Couple, Two Children <sup>23</sup>	14,568	407	2,040		608	483	18,106
<b>MANITOBA<sup>24</sup></b>							
Single Employable	5,352				199		5,551
Disabled Person <sup>25</sup>	7,157	840			230		8,227
Single Parent, One Child	9,636		1,233		462		11,331
Couple, Two Children <sup>26</sup>	14,232		2,040		608		16,880
<b>SASKATCHEWAN<sup>27</sup></b>							
Single Employable	5,272				199		5,471
Disabled Person <sup>28</sup>	6,717	1,020			238		7,974
Single Parent, One Child <sup>29</sup>	10,381		1,233		477		12,091
Couple, Two Children <sup>30</sup>	13,725	215	2,040		608		16,588



TABLE 2 - 1997

## ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>ALBERTA</b> <sup>31</sup>							
Single Employable <sup>32</sup>	4,746	10			199		4,955
Disabled Person <sup>33</sup>	6,366	250			201		6,817
Single Parent, One Child <sup>34</sup>	9,258	10	1,148		453		10,869
Couple, Two Children <sup>35</sup>	14,532	160	2,137		608		17,437
<b>BRITISH COLUMBIA</b> <sup>36</sup>							
Single Employable <sup>37</sup>	6,046	35			200	50	6,331
Disabled Person <sup>38</sup>	9,252	35			256	50	9,593
Single Parent, One Child <sup>39</sup>	10,548	80	1,233	1,236	503	50	13,650
Couple, Two Children <sup>40</sup>	12,396	190	2,040	2,472	608	100	17,806
<b>YUKON</b> <sup>41</sup>							
Single Employable <sup>42</sup>	7,740	155			228		8,123
Disabled Person <sup>43</sup>	7,740	1,655			258		9,653
Single Parent, One Child <sup>44</sup>	12,540	572	1,233		503		14,848
Couple, Two Children <sup>45</sup>	19,080	685	2,040		608		22,413
<b>NORTHWEST TERRITORIES</b> <sup>46</sup>							
Single Employable	7,200				295		7,495
Disabled Person <sup>47</sup>	9,540				304		9,844
Single Parent, One Child <sup>48</sup>	16,956		1,233		503		18,692
Couple, Two Children	21,420		2,040		608		24,068

## ENDNOTES FOR TABLE 2 - 1997

<sup>1</sup> The Federal Child Tax Benefit column shows \$1,020 of the basic Child Tax Benefit and \$213 as a supplement for each the under seven in the single-parent family. The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources. Quebec and Alberta asked the federal government to vary the amount of the Child Tax Benefit.

<sup>2</sup> The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.

<sup>3</sup> The last rate increase in Newfoundland was in April 1992. As of August 1997, Newfoundland pays a lower fuel allowance every month instead of a higher amount during the winter months. Calculations show the higher amount from January until April 1997, then the lower amount from August to December.

As of 1997, Newfoundland allows all welfare recipients to keep the provincial refund for the Harmonized Sales Tax. Each adult receives \$40 and each child receives \$60.

<sup>4</sup> These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's.

<sup>5</sup> The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.

<sup>6</sup> The last rate increases in Prince Edward Island were on July 1, 1992.

As of 1997, Prince Edward Island considered the GST credit exempt income so the amount was not deducted from basic social assistance.

<sup>7</sup> Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

<sup>8</sup> The additional benefits column shows back-to-school benefits of \$100 and \$75 for the children.

<sup>9</sup> In April 1996, the provincial government took over the administration of municipal welfare in Halifax. Until then welfare for the disabled person and the single-parent family were part of the provincial system and welfare for the single employable person and the couple with two children were part of the municipal system. Reductions in shelter allowances, which were announced at the same time, affected only recipients who went on welfare in April 1996 or later.

<sup>10</sup> Shelter rates dropped from \$350 a month in 1996 to \$225 a month for single employable people who applied for welfare after April 1996. Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. These calculations do not include the higher rate for special circumstances.

<sup>11</sup> Rates for all four family types of welfare recipients increased by two percent on October 1, 1996.

<sup>12</sup> New Brunswick increased benefits for the disabled by a further two percent on April 1, 1997.

<sup>13</sup> The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month beginning in April 1997.

The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October.

<sup>14</sup> The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 per year per child).

The provincial child benefits column shows the monthly New Brunswick Child Tax Benefit of \$21 a child beginning in April 1997.

<sup>15</sup> The single disabled person was classified under the Financial Support Program. The single-parent family was classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating."

<sup>16</sup> Rates dropped from \$500 a month to \$490 a month on April 1, 1997. The exemption rate for earned income rose by the same amount. The actual assistance could be lower than the rates indicated here if Quebec deemed the recipient eligible for a "parental contribution" as defined by Quebec law.

<sup>17</sup> Basic social assistance for people with disabilities rose by two percent on January 1, 1997.

<sup>18</sup> The basic welfare rate dropped from \$850 a month to \$839 a month on April 1, 1997. The exemption for earned income rose by the same amount. Rates dropped again to \$671 on September 1, 1997 at the same time as provincial family allowances were increased.



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The additional benefits column shows the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

The provincial child benefits column shows the Quebec family allowance, the Allowance for Young Children and the Single-Parent Supplement.

<sup>19</sup> The basic welfare rate dropped from \$1,000 a month to \$978 a month on April 1, 1997. The exemption for earned income rose by the same amount. The rates dropped again to \$853 a month on September 1, 1997 when the provincial family allowances were increased.

The additional benefits column includes the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month. This column also includes the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

Provincial child benefits show the Quebec family allowance.

<sup>20</sup> The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1997 based on the recipients' shelter costs.

<sup>21</sup> Assistance for a single disabled person is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

<sup>22</sup> Additional benefits are the winter clothing allowance of \$105 for each dependent child.

<sup>23</sup> The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

<sup>24</sup> In 1996, the Manitoba government took over the administration of welfare in the City of Winnipeg. Until then, welfare for the single employable person and the couple with two children fell within the City of Winnipeg's system.



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<sup>25</sup> The additional benefits column shows the disability benefit of \$70 a month.

<sup>26</sup> When the provincial welfare department absorbed the City of Winnipeg's welfare caseload, rates dropped. On May 15, 1997, the monthly rate for a child of ten dropped from \$169 to \$149, and the monthly rate for a 15-year old child dropped from \$209 to \$189.

<sup>27</sup> Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. As of 1997, Welfare Incomes will show the actual average amount paid to welfare recipients of each family type.

<sup>28</sup> Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month.

<sup>29</sup> For the two families with children, the rates of assistance in the first column have been reduced by \$34.88 per month for each child (the value of the former federal Family Allowance). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. Saskatchewan is the only province that explicitly deducts the value of family allowances from welfare rates.

<sup>30</sup> For the two families with children, the rates of assistance in the first column have been reduced by \$34.88 per month for each child (the value of the former federal Family Allowance). The additional benefits are for education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13. These benefits were increased in October 1997.

<sup>31</sup> The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program.

The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult beginning in November 1997.

<sup>32</sup> Monthly shelter rates rose from \$165 to \$168 on July 1, 1997.

<sup>33</sup> Monthly shelter rates rose from \$300 to \$303 on July 1, 1997.

The additional benefits column shows \$10 for the "co-payment allowance" and a supplement of \$20 a month for people eligible for Assured Support. People with severe and permanent disabilities are eligible for further assistance of \$810 a month through the Assured Income for the Severely Handicapped program. People with severe and permanent disabilities whose needs exceed the amount provided

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under the Assured Income for the Severely Handicapped program are eligible for a special monthly allowances of up to \$3,000 to help pay the costs of personal supports as well as a monthly handicap allowance of \$175.

<sup>34</sup> Shelter rates rose from \$380 a month to \$391 a month on July 1, 1997.

Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

<sup>35</sup> Shelter rates rose from \$480 a month to \$490 a month on July 1, 1997.

Additional benefits include education-related expenses: \$100 for children aged 14 and over and \$50 for children between the ages of six and 13.

Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

<sup>36</sup> Provincial Tax Credits are the B.C. Sales Tax Credit, which is payable to low-income households throughout the income tax system. The amounts shown (\$50 per person per year) were paid in 1997 for the 1996 tax year.

<sup>37</sup> As of January 1996, British Columbia imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently.

The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

<sup>38</sup> The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

<sup>39</sup> The additional benefits column shows a Christmas allowance of \$70 for the single-parent and \$10 for the child.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

<sup>40</sup> The amounts under additional benefits show a Christmas allowance of \$90, school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

<sup>41</sup> The last rate increases in Yukon were on April 1, 1991.

<sup>42</sup> Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowance of \$125 for adults and children 14 and older.

<sup>43</sup> Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowances of \$125 for adults and children 14 and older. Disabled welfare recipients also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

<sup>44</sup> Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

<sup>45</sup> Additional benefits include school allowances of \$50 for the 10-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

<sup>46</sup> In January 1997, the Northwest Territories redesigned its welfare system. Until then, Northwest Territories paid actual shelter costs. Rates are now fixed, but the government pays the actual cost of fuel. The government was not able to provide the fuel costs, so the 1997 rates are lower than in previous versions of Welfare Incomes.

Welfare recipients may be eligible for additional support if they undertake activities the territory considers "productive choices." "Productive choices" may include activities such as work, training, raising young children and voluntary activities.

<sup>47</sup> Under special circumstances, the territory will pay higher shelter costs for welfare recipients with disabilities.

<sup>48</sup> Northwest Territories considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance of \$20 each. This is included in the basic social assistance column.



TABLE 2 - 1998

**ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD**

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>NEWFOUNDLAND<sup>3</sup></b>							
Single Employable <sup>4</sup>	1,084				199	40	1,323
Disabled Person <sup>5</sup>	6,868	1,500			236	40	8,644
Single Parent, One Child <sup>6</sup>	11,336		1,536		494	100	13,466
Couple, Two Children <sup>7</sup>	12,276		2,545		608	200	15,629
<b>PRINCE EDWARD ISLAND<sup>8</sup></b>							
Single Employable	5,316				199		5,515
Disabled Person <sup>9</sup>	7,116	1,092			242		8,450
Single Parent, One Child <sup>10</sup>	9,669		1,536		471		11,676
Couple, Two Children <sup>11</sup>	14,471	175	2,545		608		17,799
<b>NOVA SCOTIA<sup>12</sup></b>							
Single Employable <sup>13</sup>	4,428				199		4,627
Disabled Person	8,568				241		8,809
Single Parent, One Child <sup>14</sup>	10,257		1,536	125	480		12,398
Couple, Two Children <sup>15</sup>	13,487		2,545	209	608		16,849
<b>NEW BRUNSWICK<sup>16</sup></b>							
Single Employable	3,168				199		3,367
Disabled Person <sup>17</sup>	6,696				201		6,897
Single Parent, One Child <sup>18</sup>	8,772	900	1,536	252	463		11,923
Couple, Two Children <sup>19</sup>	9,828	1,000	2,545	504	608		14,485



TABLE 2 - 1998

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>QUEBEC</b> <sup>20</sup>							
Single Employable <sup>21</sup>	5,880				199		6,079
Disabled Person <sup>22</sup>	8,544				236		8,780
Single Parent, One Child <sup>23</sup>	7,738	810	1,460	2,275	495		12,778
Couple, Two Children <sup>24</sup>	10,602	139	2,511	1,950	608		15,810
<b>ONTARIO</b> <sup>25</sup>							
Single Employable	6,240				199	383	6,822
Disabled Person <sup>26</sup>	11,160				293	306	11,759
Single Parent, One Child <sup>27</sup>	11,181	105	1,535		501	373	13,695
Couple, Two Children <sup>28</sup>	14,063	407	2,545		608	483	18,106
<b>MANITOBA</b> <sup>29</sup>							
Single Employable	5,352				199		5,551
Disabled Person <sup>30</sup>	7,157	840			230		8,227
Single Parent, One Child <sup>31</sup>	9,333		1,536		462		11,331
Couple, Two Children <sup>32</sup>	13,552		2,545		608		16,705
<b>SASKATCHEWAN</b> <sup>33</sup>							
Single Employable	5,288				199		5,487
Disabled Person <sup>34</sup>	6,790	1,020			232		8,043
Single Parent, One Child <sup>35</sup>	8,628		1,536	660	477		11,300
Couple, Two Children <sup>36</sup>	12,320	215	2,545	1,002	608		16,690

TABLE 2 - 1998

**ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD**

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit <sup>1</sup>	Provincial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>ALBERTA</b> <sup>37</sup>							
Single Employable	4,746	60			199		5,005
Disabled Person <sup>38</sup>	6,384	300			202		6,886
Single Parent, One Child <sup>39</sup>	9,124	60	1,451		453		11,088
Couple, Two Children <sup>40</sup>	14,256	210	2,642		608		17,716
<b>BRITISH COLUMBIA</b> <sup>41</sup>							
Single Employable <sup>42</sup>	6,046	35			199	50	6,330
Disabled Person <sup>43</sup>	9,252	35			256	50	9,593
Single Parent, One Child <sup>44</sup>	10,245	80	1,536	1,236	503	50	13,650
Couple, Two Children <sup>45</sup>	12,396	190	2,040	2,472	608	100	17,806
<b>YUKON</b> <sup>46</sup>							
Single Employable <sup>47</sup>	7,740	155			206		8,101
Disabled Person <sup>48</sup>	7,740	1,655			258		9,653
Single Parent, One Child <sup>49</sup>	12,237	572	1,536		503		14,848
Couple, Two Children <sup>50</sup>	19,080	685	2,040		608		22,413
<b>NORTHWEST TERRITORIES</b> <sup>51</sup>							
Single Employable <sup>52</sup>	7,260				254		7,514
Disabled Person <sup>53</sup>	9,600				280		9,880
Single Parent, One Child <sup>54</sup>	16,763		1,536	165	503		18,967
Couple, Two Children <sup>55</sup>	21,110		2,545	330	608		24,593

## ENDNOTES FOR TABLE 2 - 1998

<sup>1</sup> The Federal Child Tax Benefit column shows \$1,020 of the basic benefit and \$213 as a supplement for the child under seven in the single-parent family. The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child).

As of July 1, 1998, the single-parent with one child received a supplement of \$605 a year (or \$50.42 monthly) and the couple with two children received a supplement of \$1,010 a year (\$84.17 monthly). All provinces and territories except Newfoundland and New Brunswick deducted the value of the supplement from the welfare payments to families. Further changes to the supplement will appear in future editions of this report. Quebec and Alberta asked the federal government to vary the amount of the Child Tax Benefit, so the child benefit figures for these provinces differ.

<sup>2</sup> The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.

<sup>3</sup> As of 1997, Newfoundland allows all welfare recipients to keep the provincial refund for the Harmonized Sales Tax. Each adult receives \$40 and each child receives \$60.

<sup>4</sup> These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's. On May 1, 1998, monthly room and board rates rose by two percent from \$89 to \$91.

<sup>5</sup> The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.

On May 1, 1998, the monthly welfare rate for people with disabilities rose two percent from \$393 to \$401.

<sup>6</sup> On May 1, 1998, the monthly welfare rate rose two percent from \$484 to \$494.

<sup>7</sup> On May 1, 1998, the monthly welfare rate rose two percent, from \$618 to \$630.

<sup>8</sup> As of 1997, Prince Edward Island considered the GST credit exempt income so the amount was not deducted from basic social assistance. Prince Edward Island reduced the maximum shelter allowance for single people in 1994, but the disabled person in this table is considered to have special housing needs and is therefore eligible for the old higher maximum shelter allowance.



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<sup>9</sup> Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

<sup>10</sup> Prince Edward Island deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

<sup>11</sup> Prince Edward Island deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

The additional benefits column shows back-to-school benefits of \$100 and \$75 for the children.

<sup>12</sup> In April 1996, the provincial government took over the administration of municipal welfare in Halifax. Until then welfare for the disabled person and the single-parent family were part of the provincial system and welfare for the single employable person and the couple with two children were part of the municipal system. Reductions in shelter allowances, which were announced at the same time, affected only recipients who went on welfare in April 1996 or later.

<sup>13</sup> Shelter rates dropped from \$350 a month in 1996 to \$225 a month for single employable people who applied for welfare after April 1996. Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. These calculations do not include the higher rate for special circumstances.

<sup>14</sup> Nova Scotia deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Nova Scotia then uses the money claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child, \$168 a year for their second child and \$136 a year for third or subsequent children. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$16,000. Families do not have to have earned income. This amount appears in the provincial tax credits column.

<sup>15</sup> Nova Scotia deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Nova Scotia then uses the money claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child, \$168 a year for their second child and \$136 a year for third or subsequent children. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$16,000. Families do not have to have earned income. This amount appears in the provincial tax credits column.

<sup>16</sup> Rates for all four family types of welfare recipients increased by two percent on October 1, 1996.

<sup>17</sup> New Brunswick increased benefits for the disabled by a further two percent on April 1, 1997.



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<sup>18</sup> New Brunswick allows families to keep the supplement to the Canada Child Tax Benefit.

The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October.

The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month beginning in April 1997.

<sup>19</sup> New Brunswick allows families to keep the supplement to the Canada Child Tax Benefit.

The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child).

The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month beginning in April 1997.

<sup>20</sup> The value of the Quebec Sales Tax Credit is included in basic welfare assistance. The single disabled person was classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating."

<sup>21</sup> Rates dropped from \$500 a month to \$490 a month on April 1, 1997. The exemption rate for earned income rose by the same amount. The actual assistance could be lower than the rates indicated here if Quebec deemed the recipient eligible for a "parental contribution" as defined by Quebec law.

<sup>22</sup> Basic social assistance for people with disabilities rose by two percent on January 1, 1997. Rates rose again on January 1, 1998.

<sup>23</sup> Quebec reduced its welfare payments for families with children by an amount equivalent to the supplement to the Canada Child Tax Benefit. The basic welfare rate dropped from \$850 a month to \$839 a month on April 1, 1997. The exemption for earned income rose by the same amount, from \$60 a month to \$71 a month. Rates dropped again to \$671 on September 1, 1997 at the same time as provincial family allowances were increased.

The additional benefits column shows the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month. Quebec raised the shelter subsidy again on October 1, 1998 to \$72 a month.

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Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

The provincial child benefits column shows the Quebec family allowance, the Allowance for Young Children and the Single-Parent Supplement.

<sup>24</sup> Quebec reduced its welfare payments for families with children by an amount equivalent to the supplement to the Canada Child Tax Benefit. The basic welfare rate dropped from \$1,000 a month to \$978 a month on April 1, 1997. The exemption for earned income rose by the same amount, from \$225 a month to \$247 a month. The rates dropped again to \$853 a month on September 1, 1997 when the provincial family allowances were increased.

The additional benefits column includes the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month. This column also includes the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

Provincial child benefits show the Quebec family allowance.

<sup>25</sup> The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1998 based on the recipients' shelter costs.

<sup>26</sup> Assistance for a single disabled person is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

<sup>27</sup> Ontario deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

Additional benefits are the winter clothing allowance of \$105 for each dependent child.

<sup>28</sup> Ontario deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

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<sup>29</sup> In 1996, the Manitoba government took over the administration of welfare in the City of Winnipeg. Until then, welfare for the single employable person and the couple with two children fell within the City of Winnipeg's system.

<sup>30</sup> The additional benefits column shows the disability benefit of \$70 a month.

<sup>31</sup> Manitoba deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

<sup>32</sup> Manitoba deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

<sup>33</sup> Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. As of 1997, Welfare Incomes shows the actual average amount paid to welfare recipients of each family type.

<sup>34</sup> Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month.

<sup>35</sup> From January to June 1998, Saskatchewan reduced the basic social assistance by \$34.88 per month for each child (the value of the former federal family allowance). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. On July 1, 1998, the supplement to the Canada Child Tax Benefit began. Saskatchewan lowered its welfare rates by the amount of the supplement.

The provincial child benefits column shows the Saskatchewan Benefit of \$75 a month and the Saskatchewan Child Differential Allowance of \$35 a month, both of which began in July 1998.

<sup>36</sup> From January to June 1998, Saskatchewan reduced the basic social assistance by \$34.88 per month for each child (the value of the former federal family allowance). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. On July 1, 1998, the supplement to the Canada Child Tax Benefit began. Saskatchewan lowered its welfare rates by the amount of the supplement.

The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13.

The provincial child benefits column includes the Saskatchewan Child Benefits of \$167 a month beginning on July 1, 1998.



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<sup>37</sup> The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program. The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult.

<sup>38</sup> The additional benefits column shows a monthly supplement of \$20 to any person eligible for Assured Support and a monthly "co-payment allowance" of \$5 for each adult.

People with severe and permanent disabilities are eligible for further assistance of \$810 a month through the Assured Income for the Severely Handicapped program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.

<sup>39</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount of the supplement to Canada Child Tax Benefit. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.

The additional benefits column shows the monthly "co-payment allowance" of \$5 for each adult.

<sup>40</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount of the supplement to Canada Child Tax Benefit. Additional benefits include education-related expenses: \$100 for children aged 14 and over and \$50 for children between the ages of six and 13.

Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

<sup>41</sup> Provincial Tax Credits are the B.C. Sales Tax Credit, which is payable to low-income households throughout the income tax system. The amounts shown (\$50 per person per year) were paid in 1998 for the 1997 tax year.

<sup>42</sup> As of January 1996, British Columbia imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently.

The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

<sup>43</sup> The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.



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<sup>44</sup> On July 1, 1998, British Columbia reduced basic social assistance for families with children by an amount equivalent to the value of the supplement to the Canada Child Tax Benefit.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

The amounts under "Additional Benefits" show a Christmas allowance of \$70 for the single-parent plus \$10 for the child.

<sup>45</sup> On July 1, 1998, British Columbia reduced basic social assistance for families with children by an amount equivalent to the value of the supplement to the Canada Child Tax Benefit.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

The amounts under "Additional Benefits" show a Christmas allowance of \$90, and school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.

<sup>46</sup> Yukon last raised welfare rates in April 1991.

<sup>47</sup> Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowance of \$125 for adults and children 14 and older.

<sup>48</sup> Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowances of \$125 for adults and children 14 and older. Disabled welfare recipients also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

<sup>49</sup> Yukon deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas Allowance and a \$200 winter clothing allowance.

<sup>50</sup> Yukon deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Additional benefits include school allowances of \$50 for the 10-year-old and \$65 for the 15-year-old, \$120 for a Christmas Allowance and \$450 for winter clothing.

<sup>51</sup> In January 1997, the Northwest Territories redesigned its welfare system. Until then, Northwest Territories paid actual shelter costs. 1997 and 1998 rates are lower than in previous versions of Welfare Incomes. Welfare recipients may be eligible for additional support if they undertake activities the territory considers "productive choices."

<sup>52</sup> Northwest Territories raised the monthly food allowance for single people from \$152 to \$162 in August 1998.

<sup>53</sup> Northwest Territories raised the monthly food allowance for single people from \$152 to \$162 in August 1998. Under special circumstances, Northwest Territories will pay higher shelter costs for welfare recipients with disabilities. This calculation assumes that the person with disabilities did not receive the higher shelter payment.

<sup>54</sup> Northwest Territories deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Northwest Territories then uses the money it claws back to support the NWT Child Tax Benefit. As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial tax credits column.

Northwest Territories considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance. This is included in the basic social assistance column. Northwest Territories raised the monthly food allowance from \$273 to \$295 in August 1998.

<sup>55</sup> Northwest Territories deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Northwest Territories then uses the money it claws back to support the NWT Child Tax Benefit. As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial tax credits column. Northwest Territories raised the monthly food allowance from \$485 to \$524 in August 1998.

### **Adequacy of Benefits**

The incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1997 and 1998. The results are shown in Table 3 - 1997 and Table 3 - 1998.

Each year, Statistics Canada calculates low income cut-offs for households of different sizes living in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in Newfoundland with total incomes of \$1,307 in 1997 or \$1,323 in 1998 were abysmally poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in some provinces and territories, especially rates for single employables, are far below the lines. Welfare incomes which reach only one-fifth or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date. How anyone manages to live on



welfare rates of only nine percent of the poverty line - as a single employable person in Newfoundland is forced to do - is beyond our comprehension. Rates this low cannot be described as anything other than punitive and cruel.

Column 1 of the Tables 3 - 1997 and 1998 show welfare incomes for different types of households in the ten provinces in 1997 and 1998. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column 2 indicates the poverty lines (the low income cut-offs of Statistics Canada, 1986 base) for the largest city in each province. The poverty gap, or difference between total income and the poverty lines, is shown in the next column. The last column represents total welfare income as a percentage of the poverty line, that is, welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during both 1997 and 1998. In 1997, rates ranged from nine percent of the poverty line in Newfoundland to 42 percent of the poverty line in Ontario. In 1998, the range was nine percent in Newfoundland to 41 percent in Ontario.

In both 1997 and 1998, the lowest benefits for single disabled people were worth 42 percent of the poverty line in Alberta. In 1997, the highest rate was 72 percent and in 1998, 71 percent of the poverty line in Ontario.

Welfare incomes for single-parent families ranged from a low of 49 percent in Alberta to a high of 67 percent in Newfoundland in 1997. In 1998, single-parent families in Alberta lived at 50 percent of the poverty line, while single-parent families in Newfoundland lived at 69 percent of the line.

For two-parent families with two children, 1997 welfare incomes ranged from 48 percent of the poverty line in Quebec to 64 percent in Prince Edward Island. In 1998, the range was 48 percent in Quebec to 63 percent in Prince Edward Island.



**TABLE 3-1997**

**ADEQUACY OF BENEFITS**

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>NEWFOUNDLAND</u></b>				
Single Employable	\$1,307	\$14,335	-\$13,028	9%
Disabled Person	\$8,609	\$14,335	-\$5,726	60%
Single Parent, One Child	\$13,087	\$19,432	-\$6,345	67%
Couple, Two Children	\$15,057	\$28,434	-\$13,377	53%
<b><u>PRINCE EDWARD ISLAND</u></b>				
Single Employable	\$5,515	\$14,004	-\$8,489	39%
Disabled Person	\$8,456	\$14,004	-\$5,548	60%
Single Parent, One Child	\$11,682	\$18,982	-\$7,300	62%
Couple, Two Children	\$17,799	\$27,780	-\$9,981	64%
<b><u>NOVA SCOTIA</u></b>				
Single Employable	\$4,627	\$14,335	-\$9,708	32%
Disabled Person	\$8,809	\$14,335	-\$5,526	61%
Single Parent, One Child	\$12,273	\$19,432	-\$7,159	63%
Couple, Two Children	\$16,640	\$28,434	-\$11,794	59%
<b><u>NEW BRUNSWICK</u></b>				
Single Employable	\$3,367	\$14,335	-\$10,968	23%
Disabled Person	\$6,862	\$14,335	-\$7,473	48%
Single Parent, One Child	\$11,532	\$19,432	-\$7,900	59%
Couple, Two Children	\$13,812	\$28,434	-\$14,622	49%
<b><u>QUEBEC</u></b>				
Single Employable	\$6,109	\$16,320	-\$10,211	37%
Disabled Person	\$8,621	\$16,320	-\$7,699	53%
Single Parent, One Child	\$12,670	\$22,121	-\$9,451	57%
Couple, Two Children	\$15,511	\$32,377	-\$16,866	48%

**TABLE 3-1997**

**ADEQUACY OF BENEFITS**

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>ONTARIO</u></b>				
Single Employable	\$6,833	\$16,320	-\$9,487	42%
Disabled Person	\$11,759	\$16,320	-\$4,561	72%
Single Parent, One Child	\$13,697	\$22,121	-\$8,424	62%
Couple, Two Children	\$18,106	\$32,377	-\$14,271	56%
<b><u>MANITOBA</u></b>				
Single Employable	\$5,551	\$16,320	-\$10,769	34%
Disabled Person	\$8,227	\$16,320	-\$8,093	50%
Single Parent, One Child	\$11,331	\$22,121	-\$10,790	51%
Couple, Two Children	\$16,880	\$32,377	-\$15,497	52%
<b><u>SASKATCHEWAN</u></b>				
Single Employable	\$5,471	\$14,335	-\$8,864	38%
Disabled Person	\$7,974	\$14,335	-\$6,361	56%
Single Parent, One Child	\$12,091	\$19,432	-\$7,341	62%
Couple, Two Children	\$16,588	\$28,434	-\$11,846	58%
<b><u>ALBERTA</u></b>				
Single Employable	\$4,955	\$16,320	-\$11,365	30%
Disabled Person	\$6,817	\$16,320	-\$9,503	42%
Single Parent, One Child	\$10,869	\$22,121	-\$11,252	49%
Couple, Two Children	\$17,437	\$32,377	-\$14,940	54%
<b><u>BRITISH COLUMBIA</u></b>				
Single Employable	\$6,331	\$16,320	-\$9,989	39%
Disabled Person	\$9,593	\$16,320	-\$6,727	59%
Single Parent, One Child	\$13,650	\$22,121	-\$8,471	62%
Couple, Two Children	\$17,806	\$32,377	-\$14,571	55%

**TABLE 3-1998**

**ADEQUACY OF BENEFITS**

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>NEWFOUNDLAND</u></b>				
Single Employable	\$1,323	\$14,468	-\$13,145	9%
Disabled Person	\$8,644	\$14,468	-\$5,824	60%
Single Parent, One Child	\$13,466	\$19,613	-\$6,147	69%
Couple, Two Children	\$15,629	\$28,698	-\$13,069	54%
<b><u>PRINCE EDWARD ISLAND</u></b>				
Single Employable	\$5,515	\$14,134	-\$8,619	39%
Disabled Person	\$8,450	\$14,134	-\$5,684	60%
Single Parent, One Child	\$11,676	\$19,158	-\$7,482	61%
Couple, Two Children	\$17,799	\$28,038	-\$10,239	63%
<b><u>NOVA SCOTIA</u></b>				
Single Employable	\$4,627	\$14,468	-\$9,841	32%
Disabled Person	\$8,809	\$14,468	-\$5,659	61%
Single Parent, One Child	\$12,398	\$19,613	-\$7,215	63%
Couple, Two Children	\$16,849	\$28,698	-\$11,849	59%
<b><u>NEW BRUNSWICK</u></b>				
Single Employable	\$3,367	\$14,468	-\$11,101	23%
Disabled Person	\$6,897	\$14,468	-\$7,571	48%
Single Parent, One Child	\$11,923	\$19,613	-\$7,690	61%
Couple, Two Children	\$14,485	\$28,698	-\$14,213	50%
<b><u>QUEBEC</u></b>				
Single Employable	\$6,079	\$16,472	-\$10,393	37%
Disabled Person	\$8,780	\$16,472	-\$7,692	53%
Single Parent, One Child	\$12,778	\$22,327	-\$9,549	57%
Couple, Two Children	\$15,810	\$32,678	-\$16,868	48%



**TABLE 3-1998**

**ADEQUACY OF BENEFITS**

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>ONTARIO</u></b>				
Single Employable	\$6,822	\$16,472	-\$9,650	41%
Disabled Person	\$11,759	\$16,472	-\$4,713	71%
Single Parent, One Child	\$13,695	\$22,327	-\$8,632	61%
Couple, Two Children	\$18,106	\$32,678	-\$14,572	55%
<b><u>MANITOBA</u></b>				
Single Employable	\$5,551	\$16,472	-\$10,921	34%
Disabled Person	\$8,227	\$16,472	-\$8,245	50%
Single Parent, One Child	\$11,331	\$22,327	-\$10,996	51%
Couple, Two Children	\$16,705	\$32,678	-\$15,973	51%
<b><u>SASKATCHEWAN</u></b>				
Single Employable	\$5,487	\$14,468	-\$8,981	38%
Disabled Person	\$8,043	\$14,468	-\$6,425	56%
Single Parent, One Child	\$11,300	\$19,613	-\$8,313	58%
Couple, Two Children	\$16,690	\$28,698	-\$12,008	58%
<b><u>ALBERTA</u></b>				
Single Employable	\$5,005	\$16,472	-\$11,467	30%
Disabled Person	\$6,886	\$16,472	-\$9,586	42%
Single Parent, One Child	\$11,088	\$22,327	-\$11,239	50%
Couple, Two Children	\$17,716	\$32,678	-\$14,962	54%
<b><u>BRITISH COLUMBIA</u></b>				
Single Employable	\$6,330	\$16,472	-\$10,142	38%
Disabled Person	\$9,593	\$16,472	-\$6,879	58%
Single Parent, One Child	\$13,650	\$22,327	-\$8,677	61%
Couple, Two Children	\$17,806	\$32,678	-\$14,872	54%



## **Welfare and Average Incomes**

The low level of financial support provided by social assistance is also evident when measured against average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 4 - 1997 and Table 4 - 1998 compare the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages for 1997 are based on data collected by Statistics Canada in the Survey of Consumer Finances for 1997. The 1998 average incomes are estimates based on the 1997 actual averages, inflated by the Consumer Price Index.

For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

For both 1997 and 1998, the figures in Table 4 make it clear that welfare incomes are far, far below average. In both 1997 and 1998, a single employable person on welfare received from eight percent to 27 percent of the average income received by single people under 65. In both 1997 and 1998, the disabled person on welfare got 26 to 49 percent of the average. In 1997, single-parent families on welfare had incomes worth 35 to 54 percent of average incomes and in 1998, their incomes were worth 36 percent to 55 percent of average incomes. It is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had between 26 and 36 percent of average incomes in both 1997 and 1998.

**TABLE 4 - 1997**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES  
BY FAMILY TYPE**

	Welfare Income 1997	Average Income 1997	Welfare Income as % of Average Income
<b><u>NEWFOUNDLAND</u></b>			
Single Employable	1,307	17,396	8%
Disabled Person	8,609	17,396	49%
Single Parent, One Child	13,087	---	---
Couple, Two Children	15,057	46,295	33%
<b><u>PRINCE EDWARD ISLAND</u></b>			
Single Employable	5,515	20,112	27%
Disabled Person	8,456	20,112	42%
Single Parent, One Child	11,682	---	---
Couple, Two Children	17,799	49,504	36%
<b><u>NOVA SCOTIA</u></b>			
Single Employable	4,627	21,518	22%
Disabled Person	8,809	21,518	41%
Single Parent, One Child	12,273	22,893	54%
Couple, Two Children	16,640	53,435	31%
<b><u>NEW BRUNSWICK</u></b>			
Single Employable	3,367	20,049	17%
Disabled Person	6,862	20,049	34%
Single Parent, One Child	11,532	21,366	54%
Couple, Two Children	13,812	52,092	27%
<b><u>QUEBEC</u></b>			
Single Employable	6,109	22,322	27%
Disabled Person	8,621	22,322	39%
Single Parent, One Child	12,670	26,987	47%
Couple, Two Children	15,511	60,420	26%



**TABLE 4 - 1997**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES  
BY FAMILY TYPE**

	Welfare Income 1997	Average Income 1997	Welfare Income as % of Average Income
<b><u>ONTARIO</u></b>			
Single Employable	6,833	27,295	25%
Disabled Person	11,759	27,295	43%
Single Parent, One Child	13,697	28,276	48%
Couple, Two Children	18,106	70,264	26%
<b><u>MANITOBA</u></b>			
Single Employable	5,551	22,641	25%
Disabled Person	8,227	22,641	36%
Single Parent, One Child	11,331	26,427	43%
Couple, Two Children	16,880	61,038	28%
<b><u>SASKATCHEWAN</u></b>			
Single Employable	5,471	23,277	24%
Disabled Person	7,974	23,277	34%
Single Parent, One Child	12,091	22,963	53%
Couple, Two Children	16,588	60,095	28%
<b><u>ALBERTA</u></b>			
Single Employable	4,955	25,892	19%
Disabled Person	6,817	25,892	26%
Single Parent, One Child	10,869	30,697	35%
Couple, Two Children	17,437	66,746	26%
<b><u>BRITISH COLUMBIA</u></b>			
Single Employable	6,331	26,519	24%
Disabled Person	9,593	26,519	36%
Single Parent, One Child	13,650	29,883	46%
Couple, Two Children	17,806	66,258	27%

**TABLE 4 - 1998**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES  
BY FAMILY TYPE**

	Welfare Income 1998	Estimated Average Income 1998	Welfare Income as % of Estimated Average Income
<b><u>NEWFOUNDLAND</u></b>			
Single Employable	1,323	17,518	8%
Disabled Person	8,644	17,518	49%
Single Parent, One Child	13,466	---	---
Couple, Two Children	15,629	46,619	34%
<b><u>PRINCE EDWARD ISLAND</u></b>			
Single Employable	5,515	20,253	27%
Disabled Person	8,450	20,253	42%
Single Parent, One Child	11,676	---	---
Couple, Two Children	17,799	49,851	36%
<b><u>NOVA SCOTIA</u></b>			
Single Employable	4,627	21,669	21%
Disabled Person	8,809	21,669	41%
Single Parent, One Child	12,273	23,053	53%
Couple, Two Children	16,640	53,809	31%
<b><u>NEW BRUNSWICK</u></b>			
Single Employable	3,367	20,189	17%
Disabled Person	6,897	20,189	34%
Single Parent, One Child	11,923	21,516	55%
Couple, Two Children	14,485	52,457	28%
<b><u>QUEBEC</u></b>			
Single Employable	6,079	22,478	27%
Disabled Person	8,780	22,478	39%
Single Parent, One Child	12,778	27,176	47%
Couple, Two Children	15,810	60,843	26%



**TABLE 4 - 1998**

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES  
BY FAMILY TYPE**

	Welfare Income 1998	Estimated Average Income 1998	Welfare Income as % of Estimated Average Income
<b><u>ONTARIO</u></b>			
Single Employable	6,822	27,486	25%
Disabled Person	11,759	27,486	43%
Single Parent, One Child	13,695	28,474	48%
Couple, Two Children	18,106	70,756	26%
<b><u>MANITOBA</u></b>			
Single Employable	5,551	22,799	24%
Disabled Person	8,227	22,799	36%
Single Parent, One Child	11,331	26,612	43%
Couple, Two Children	16,705	61,465	27%
<b><u>SASKATCHEWAN</u></b>			
Single Employable	5,487	23,440	23%
Disabled Person	8,043	23,440	34%
Single Parent, One Child	11,300	23,124	49%
Couple, Two Children	16,690	60,516	28%
<b><u>ALBERTA</u></b>			
Single Employable	5,005	26,073	19%
Disabled Person	6,886	26,073	26%
Single Parent, One Child	11,088	30,912	36%
Couple, Two Children	17,716	67,213	26%
<b><u>BRITISH COLUMBIA</u></b>			
Single Employable	6,330	26,705	24%
Disabled Person	9,593	26,705	36%
Single Parent, One Child	13,650	30,092	45%
Couple, Two Children	17,806	66,722	27%

### **Provincial and Territorial Benefits Over Time**

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 5 summarizes the ups and downs of recent years.

The figures consist of those benefits shown in Table 2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the federal Child Tax Benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1998 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 to 1998 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is limited to 1989 to 1998. The National Council of Welfare first estimated of welfare incomes in the Northwest Territories in 1993, so the table shows comparisons only since that time.

Most welfare recipients in Canada saw further erosion of their already precarious financial situation in 1998 and 1999. The cost of living rose by 2.4 percent, and welfare benefits were frozen or decreased in most jurisdictions. When the change from 1996 to 1998 appears as -2.4 percent, it means that the welfare rates were frozen and welfare recipients lost 2.4 percent of their purchasing power to inflation.

Between 1996 and 1998, three of the four New Brunswick family types saw their welfare incomes increase faster than the cost of living. Single employable people received a small increase in assistance part-way through 1996, so their welfare rates for 1997 rose very slightly, but did not keep up with the rising cost of living. By 1998, their welfare incomes had again fallen behind the cost of living. People with disabilities received slight increases in both 1996 and 1997, so their

welfare income grew slightly faster than the cost of living. The two families with children benefited from the New Brunswick Child Tax Benefit.

In Quebec, people with disabilities received a slight increase at the beginning of 1997, so their incomes rose slightly more than the cost of living.

The 1996 Newfoundland budget made the lower room and board rate the rule for all single employable people, creating the largest drop in annual welfare incomes, down 56.2 percent from 1996 to 1998, and down 76.2 percent from 1986 to 1998.

The value of welfare for a single employable person in Nova Scotia plummeted 27.1 percent. When the provincial government took over the administration of the Halifax municipal welfare system, assistance for shelter costs dropped significantly.

In a situation similar to that in Nova Scotia, when the provincial government in Manitoba took over the Winnipeg municipal welfare system, single employable people and couples with children saw the value of their assistance drop by 14 percent and 13.4 percent respectively.

In Saskatchewan, the government once paid fuel costs to a set maximum. Previous issues of Welfare Incomes calculated rates based on the maximum rate. As of 1993, Saskatchewan began to pay the actual cost of fuel, and welfare officials provided the actual average fuel cost in each year. Welfare Incomes reflects this change from 1997 onward. For most welfare recipients, this represents an increase in benefits.

Rates in Northwest Territories show an enormous drop, but these figures are incomplete. In 1997, Northwest Territories redesigned its welfare system. Where it used to pay the actual cost of shelter, the territory now pays a fixed amount, but it covers the actual cost of fuel. Welfare officials in Northwest Territories did not provide the National Council of Welfare with these figures, so the rates appear much lower.

Over a longer period, the picture is even bleaker. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s.

Many of the welfare rates shown in Table 5 peaked in 1986 or 1989 and fell more or less steadily since then. In Alberta, for example, provincial benefits as measured in 1998 constant dollars



plummeted from \$8,432 a year in 1986 to \$4,806 in 1998, a decline of 43 percent. The peak years in Prince Edward Island were 1986 and 1989, followed by cuts year after year ever since.

The patterns were substantially different in Quebec, Ontario, Manitoba and British Columbia. In these provinces, welfare rates peaked in the early to mid-1990s. The end result was the same, however, as welfare rates became lower and lower by the end of the decade.

In most cases, it was single employable people on welfare who suffered the most. Between 1986 and 1998, welfare benefits for a single employable person in Newfoundland dropped by a shocking 76.2 percent. The only bright spots were modest increases in British Columbia and Yukon. A sizeable increase in Quebec resulted from a decision to raise abysmally low rates for single employable people under 30. Even then, a single employable person in Quebec had to get by on a mere \$5,880 a year in 1998.



TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
<b>NEWFOUNDLAND</b>													
Single Employable	4,714	4,546	4,521	4,452	4,671	4,616	4,607	4,508	2,565	1,116	1,124	-76.2%	-56.2%
Disabled Person		9,157	9,065	8,793	8,984	8,867	8,850	8,659	8,518	8,432	8,408		-1.3%
Single Parent, One Child	11,818	11,573	11,556	11,687	12,161	12,017	11,994	11,735	11,544	11,440	11,436	-3.2%	-0.9%
Couple, Two Children	13,671	13,388	13,363	12,936	13,161	13,002	12,978	12,698	12,491	12,496	12,476	-8.7%	-0.1%
<b>PRINCE EDWARD ISLAND</b>													
Single Employable	8,755	8,469	8,433	8,431	8,549	8,489	7,625	5,872	5,376	5,353	5,316	-39.3%	-1.1%
Disabled Person		9,856	9,760	9,623	9,735	9,654	9,534	9,168	8,447	8,265	8,208		-2.8%
Single Parent, One Child	12,068	11,675	11,772	11,681	11,859	11,792	11,566	11,008	10,498	10,042	9,669	-19.9%	-7.9%
Couple, Two Children	17,685	17,390	17,395	17,499	17,705	17,575	17,235	16,529	15,245	15,257	14,646	-17.2%	-3.9%
<b>NOVA SCOTIA</b>													
Single Employable	6,435	7,174	6,847	6,512	6,412	6,300	6,288	6,152	6,070	4,459	4,428	-31.2%	-27.1%
Disabled Person		9,443	9,386	9,252	9,122	8,963	9,099	8,928	8,782	8,628	8,568		-2.4%
Single Parent, One Child	11,143	11,478	11,398	11,264	11,260	11,063	11,218	11,004	10,824	10,634	10,382	-6.8%	-4.1%
Couple, Two Children	13,413	14,601	13,956	13,492	13,501	13,308	13,283	12,996	13,942	14,090	13,696	2.1%	-1.8%



TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
<b>NEW BRUNSWICK</b>													
Single Employable	3,171	3,431	3,380	3,309	3,310	3,265	3,284	3,226	3,210	3,190	3,168	-0.1%	-1.3%
Disabled Person		8,989	8,851	8,595	8,601	8,549	6,705	6,677	6,645	6,710	6,696		0.8%
Single Parent, One Child	9,526	9,301	9,158	8,956	9,018	9,048	9,419	9,874	9,812	9,909	9,924	4.2%	1.1%
Couple, Two Children	10,305	10,063	9,894	9,803	10,119	10,149	10,518	11,054	10,979	11,242	11,332	10.0%	3.2%
<b>QUEBEC</b>													
Single Employable	3,338	4,288	6,087	6,322	6,509	6,530	6,390	6,252	6,150	5,951	5,880	76.1%	-4.4%
Disabled Person		7,709	7,999	8,228	8,477	8,476	8,614	8,428	8,475	8,447	8,544		0.8%
Single Parent, One Child	11,234	10,419	11,105	10,164	11,537	12,019	12,277	12,012	11,816	11,169	10,823	-3.7%	-8.4%
Couple, Two Children	14,519	13,607	13,317	13,711	14,172	14,597	14,403	14,092	13,862	13,125	12,691	-12.6%	-8.4%
<b>ONTARIO</b>													
Single Employable	7,134	7,669	8,375	8,597	8,890	8,863	8,867	8,229	6,749	6,670	6,623	-7.2%	-1.9%
Disabled Person		11,073	11,815	12,078	12,274	12,206	12,211	11,948	11,753	11,546	11,466		-2.4%
Single Parent, One Child	12,778	13,763	15,426	15,809	16,091	16,070	16,079	14,907	12,239	12,046	11,659	-8.8%	-4.7%
Couple, Two Children	15,905	17,368	20,241	20,623	21,064	21,015	20,834	19,195	15,814	15,566	14,953	-6.0%	-5.4%



TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
<b>MANITOBA</b>													
Single Employable	7,079	7,343	7,440	7,353	7,500	7,380	6,868	6,730	6,222	5,389	5,352	-24.4%	-14.0%
Disabled Person		7,985	7,883	7,754	9,531	8,585	8,517	8,333	8,197	8,053	7,997		-2.4%
Single Parent, One Child	10,936	10,716	10,589	10,415	11,531	10,347	10,262	10,041	9,877	9,703	9,333	-14.7%	-5.5%
Couple, Two Children	16,570	17,392	18,716	18,728	19,267	17,570	17,875	17,478	15,655	14,331	13,552	-18.2%	-13.4%
<b>SASKATCHEWAN</b>													
Single Employable	5,926	5,929	5,797	5,625	5,837	6,146	6,134	6,002	5,904	5,309	5,288	-10.8%	-10.4%
Disabled Person		9,662	9,359	9,000	8,916	8,835	8,818	8,628	8,733	7,791	7,810		-10.6%
Single Parent, One Child	12,159	12,111	11,768	11,331	11,198	11,077	11,056	10,817	10,641	10,454	9,288	-23.6%	-12.7%
Couple, Two Children	17,056	16,804	16,319	15,691	15,946	15,731	15,762	15,425	15,173	14,038	13,537	-20.6%	-10.8%
<b>ALBERTA</b>													
Single Employable	8,432	5,860	5,591	6,082	6,125	5,775	5,035	4,927	4,846	4,789	4,806	-43.0%	-0.8%
Disabled Person		7,247	6,914	7,283	7,233	7,023	6,995	6,865	6,753	6,662	6,684		-1.0%
Single Parent, One Child	12,347	10,987	10,483	11,005	10,973	10,538	9,789	9,578	9,421	9,333	9,184	-25.6%	-2.5%
Couple, Two Children	18,357	16,188	15,445	17,033	17,046	16,421	15,413	15,236	14,988	14,795	14,466	-21.2%	-3.5%



TABLE 5

## PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
<b>BRITISH COLUMBIA</b>													
Single Employable	6,023	6,608	6,756	6,651	6,850	6,875	7,045	6,916	6,284	6,174	6,131	1.8%	-2.4%
Disabled Person		9,118	9,433	9,219	9,618	9,685	9,910	9,729	9,570	9,402	9,337		-2.4%
Single Parent, One Child	10,847	11,936	12,064	11,825	12,351	12,397	12,701	12,466	12,263	11,997	11,611	7.0%	-5.3%
Couple, Two Children	14,816	14,908	15,013	14,671	15,626	15,722	16,197	15,899	15,639	15,264	15,158	2.3%	-3.1%
<b>YUKON</b>													
Single Employable	7,157	8,639	8,743	8,602	8,574	8,424	8,408	8,227	8,092	7,950	7,895	10.3%	-2.4%
Disabled Person		9,664	9,721	9,529	9,486	9,320	9,303	9,790	9,630	9,461	9,395		-2.4%
Single Parent, One Child	12,853	14,279	14,368	14,251	14,240	13,991	13,964	13,663	13,440	13,204	12,809	-0.3%	-4.7%
Couple, Two Children	19,692	21,435	21,294	21,300	21,465	21,089	21,050	20,595	20,259	19,903	19,765	0.4%	-2.4%
<b>NORTHWEST TERRITORIES</b>													
Single Employable						12,061	12,039	11,779	11,510	7,250	7,260		-36.9%
Disabled Person						13,662	13,636	13,342	13,355	9,607	9,600		-28.1%
Single Parent, One Child						20,448	20,410	19,969	19,551	17,075	16,928		-13.4%
Couple, Two Children						24,200	24,193	23,670	23,161	21,956	21,976		-5.1%



## **Welfare Incomes and Poverty Over Time**

In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 1998. We have used the total income of welfare recipients, including assistance from provincial governments, federal and provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

Neither of the territories is included in this table because they are specifically excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for disabled people begin in 1989.

The next to last column shows that between 1996 and 1998, the standard of living for people on welfare improved in only six cases. In both Newfoundland and New Brunswick, the two families with children saw their welfare incomes come closer to the poverty line. This is because these two provinces have allowed all families with children to keep the supplement to the Canada Child Tax Benefit when all the other provinces and territories took the extra money away from families on welfare.

Disabled people in New Brunswick and in Quebec also saw a slight improvement in the adequacy of their welfare incomes. All the other welfare households got even poorer. The welfare income for a single employable person in Newfoundland dropped to only nine percent of the poverty line after a change in policy provided only assistance for room and board.

The far right column shows that between 1986 and 1998, two-thirds of the welfare households sank deeper into poverty. In Newfoundland, the adequacy of welfare incomes for single employable people dropped by a shocking 256.2 percent.

At no point between 1986 and 1998 did any province or territory provide welfare benefits which allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided

benefits for couples with children which reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single parents which reached 80 percent of the poverty line. In both cases, incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different types of families in need of assistance. The poorest of all welfare recipients in Canada are always single employable people. Newfoundland now has the dubious distinction of providing incomes far below the worst incomes in other provinces and territories.

The adequacy of incomes for people with disabilities has remained relatively stable in comparison to the incomes to other welfare recipients. During recent welfare reforms, provinces and territories frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989, where the incomes for people with disabilities dropped to 60 percent of the poverty line in 1998. The least adequate assistance for disabled people was in Alberta in 1996, 1997 and 1998, where incomes reached only 42 percent of the poverty line. We note that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program.

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. A single parent with one child received an income worth only 49 percent of the poverty line in Alberta in 1997.

The lowest welfare income in Canada for a couple with two children on welfare was 44 percent of the poverty line for families in New Brunswick in 1989 and 1990. The highest income for families on welfare was 78 percent of the poverty line in Prince Edward Island in 1989.



TABLE 6

## WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1996-1998	% Change 1986-1998
<b>NEWFOUNDLAND</b>													
Single Employable	33%	32%	32%	33%	34%	33%	33%	33%	19%	9%	9%	-107.8%	-256.2%
Disabled Person	64%	63%	63%	63%	64%	63%	63%	62%	61%	60%	60%	-2.1%	
Single Parent, One Child	68%	66%	67%	69%	71%	71%	70%	69%	68%	67%	69%	1.0%	1.3%
Couple, Two Children	58%	56%	56%	56%	56%	55%	55%	54%	53%	53%	54%	2.7%	-6.3%
<b>PRINCE EDWARD ISLAND</b>													
Single Employable	62%	66%	60%	62%	62%	62%	56%	43%	40%	39%	39%	-2.5%	-58.7%
Disabled Person	77%	70%	70%	70%	71%	70%	69%	67%	67%	60%	60%	-12.1%	
Single Parent, One Child	71%	75%	69%	71%	71%	71%	70%	67%	64%	62%	61%	-5.0%	-16.0%
Couple, Two Children	74%	78%	71%	73%	73%	73%	71%	69%	64%	64%	63%	-0.8%	-15.9%
<b>NOVA SCOTIA</b>													
Single Employable	44%	50%	48%	47%	46%	45%	45%	44%	43%	32%	32%	-34.5%	-39.0%
Disabled Person	66%	66%	66%	66%	65%	64%	65%	63%	62%	61%	61%	-1.8%	
Single Parent, One Child	64%	66%	66%	67%	67%	66%	67%	65%	64%	63%	63%	-2.3%	-2.8%
Couple, Two Children	57%	60%	58%	58%	57%	56%	56%	55%	58%	59%	59%	1.7%	3.4%
<b>NEW BRUNSWICK</b>													
Single Employable	22%	24%	24%	25%	24%	24%	24%	24%	24%	23%	23%	-3.1%	5.8%
Disabled Person	63%	62%	62%	62%	61%	61%	61%	48%	47%	48%	48%	1.4%	
Single Parent, One Child	56%	55%	55%	55%	55%	55%	57%	59%	59%	59%	61%	2.9%	7.7%
Couple, Two Children	46%	44%	44%	45%	45%	45%	46%	48%	48%	49%	50%	4.9%	8.5%
<b>QUEBEC</b>													
Single Employable	20%	31%	48%	41%	41%	41%	40%	39%	39%	37%	37%	-5.7%	45.1%
Disabled Person	47%	49%	49%	53%	53%	53%	54%	53%	53%	53%	53%	0.6%	
Single Parent, One Child	57%	54%	58%	54%	59%	60%	62%	61%	60%	57%	57%	-4.8%	1.0%
Couple, Two Children	54%	54%	59%	52%	52%	53%	52%	51%	51%	48%	48%	-5.4%	-12.0%



TABLE 6

## WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1996-1998	% Change 1986-1998
<b>ONTARIO</b>													
Single Employable	43%	47%	52%	54%	55%	55%	55%	51%	42%	42%	41%	-1.4%	-4.5%
Disabled Person		68%	72%	75%	76%	76%	76%	74%	73%	72%	71%	-2.3%	
Single Parent, One Child	64%	68%	76%	79%	80%	80%	80%	75%	63%	62%	61%	-2.7%	-4.0%
Couple, Two Children	58%	61%	70%	72%	73%	73%	72%	67%	57%	56%	55%	-2.9%	-4.1%
<b>MANITOBA</b>													
Single Employable	43%	40%	46%	46%	47%	47%	44%	42%	39%	34%	34%	-15.7%	-27.5%
Disabled Person		43%	49%	49%	59%	53%	53%	52%	51%	50%	50%	-2.1%	
Single Parent, One Child	56%	50%	54%	55%	60%	54%	54%	53%	52%	51%	51%	-2.5%	-9.5%
Couple, Two Children	60%	60%	65%	67%	68%	63%	64%	62%	56%	52%	51%	-9.5%	-16.9%
<b>SASKATCHEWAN</b>													
Single Employable	41%	42%	41%	41%	42%	44%	44%	43%	42%	38%	38%	-10.7%	-7.9%
Disabled Person		67%	65%	65%	63%	63%	63%	61%	62%	56%	56%	-11.5%	
Single Parent, One Child	70%	69%	68%	68%	66%	66%	66%	64%	63%	62%	58%	-9.4%	-20.6%
Couple, Two Children	70%	68%	66%	65%	65%	65%	65%	63%	62%	58%	58%	-6.6%	-19.9%
<b>ALBERTA</b>													
Single Employable	51%	36%	35%	39%	38%	36%	32%	31%	31%	30%	30%	-2.0%	-68.4%
Disabled Person		44%	43%	60%	45%	44%	44%	43%	42%	42%	42%	-0.5%	
Single Parent, One Child	61%	55%	53%	57%	57%	54%	52%	50%	50%	49%	50%	-0.7%	-23.6%
Couple, Two Children	66%	58%	56%	62%	61%	59%	56%	55%	55%	54%	54%	-1.4%	-21.0%
<b>BRITISH COLUMBIA</b>													
Single Employable	37%	41%	42%	40%	43%	43%	44%	43%	39%	39%	38%	-1.5%	4.9%
Disabled Person		56%	58%	58%	60%	60%	61%	61%	60%	59%	58%	-3.0%	
Single Parent, One Child	55%	60%	61%	62%	64%	64%	65%	64%	63%	62%	61%	-3.0%	9.7%
Couple, Two Children	54%	53%	54%	54%	56%	57%	57%	57%	56%	55%	54%	-2.8%	0.2%



As the graphs on the next page illustrate, there is wide variation in the adequacy of welfare incomes even within regions. Among the five eastern provinces, the most consistently low welfare incomes for single employable people were once those in New Brunswick. Single employable people on welfare in New Brunswick received grossly inadequate assistance ranging from a low of 22 percent of the poverty line in 1986 to 25 percent of the poverty line in 1991. In 1996, the Newfoundland government imposed a severe cut to the welfare rates of single employable people, bringing those incomes down to only nine percent of the poverty line.

The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 1998, welfare incomes in P.E.I. had deteriorated to 39 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 37 percent by 1998. Nova Scotia's incomes dropped to only 32 percent of the poverty line in both 1997 and 1998.

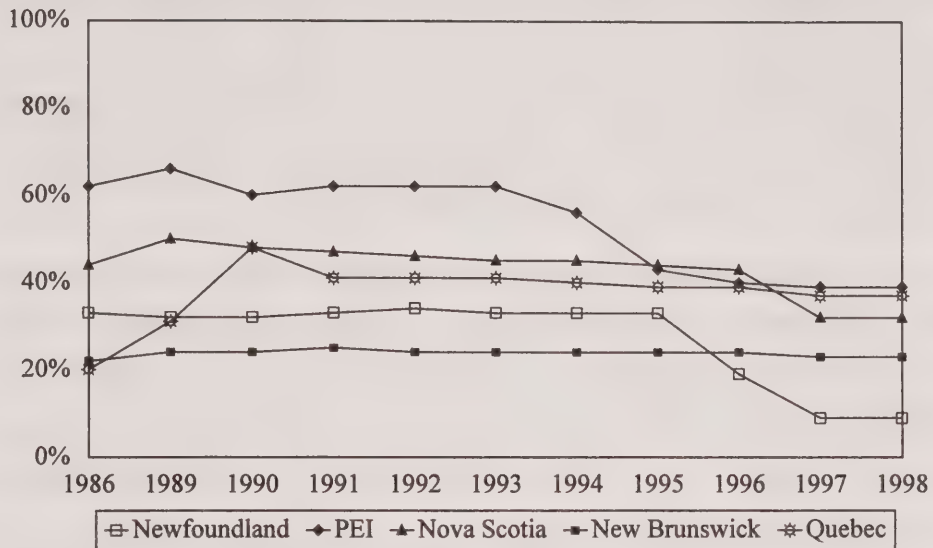
Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 34 percent in 1998. Saskatchewan's incomes rose and fell slowly throughout the period. British Columbia incomes remained more constant but low.

In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 1998, Ontario's support for single employable people had dropped to 41 percent of the poverty line. In Alberta, incomes dropped from a high of 51 percent in 1986 to 30 percent in 1998.

Welfare incomes in all the provinces are grossly inadequate. Yet instead of improving the living standards of people on welfare, the provinces have imposed freezes and cuts to welfare rates. The National Council of Welfare is extremely concerned about this trend. Incomes which provide adequate standards of living covering the cost of the necessities of life must be a goal of welfare programs.

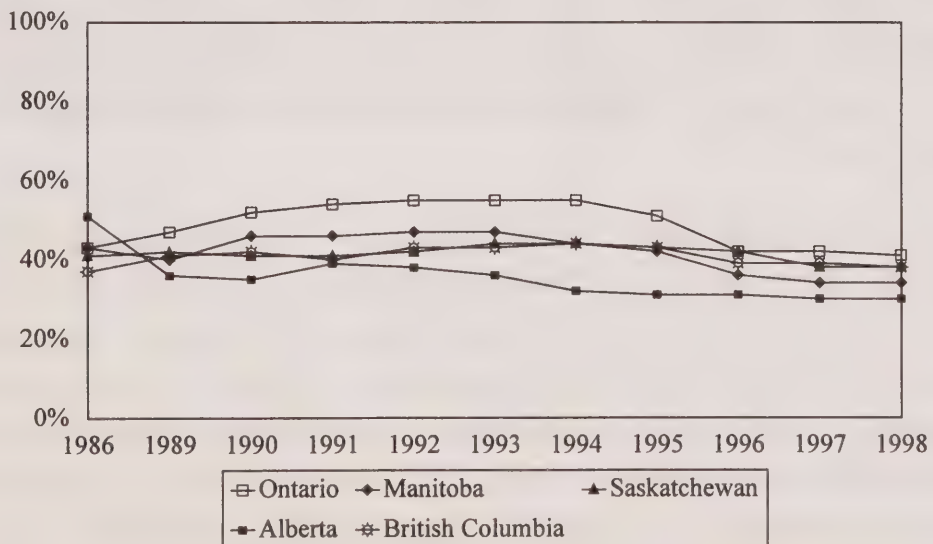
## Welfare Incomes Over Time As % of Poverty Line

### Single Employable People



## Welfare Incomes Over Time As % of Poverty Line

### Single Employable People



## **Earnings Exemptions**

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have earnings. Each province and territory allows welfare recipients to retain a certain amount (a flat-rate sum, a percentage of earnings or a combination of both) without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 7 shows the allowable earnings exemptions for January 1998 in each province and territory. The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including child care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. It is disheartening to note that Canada's two largest provinces have opted for higher earnings exemptions instead of increases in welfare benefit levels.

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold based on the recipient household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the benefit level payable to the household. In April 1997, Quebec increased its earnings exemptions while reducing payments under the Property Tax Refund program. Employable people, including

single parents with children of school age, have to find work to get the same total income. Finding a decent job is hard enough today with the high unemployment in Quebec. But for people on welfare, there is the added barrier of insufficient training and, despite the efforts of the Quebec government, a shortage of quality affordable child care continues to pose an obstacle for parents.

Ontario changed its earnings exemption policies in the fall of 1995 following the 21.6 percent reduction in welfare benefits for all recipients except the aged and the disabled. The Minister of Community and Social Services promised that recipients whose benefits had been cut could make up the amount lost by working, and earnings exemption ceilings were raised in October 1995. However, opposition parties and welfare advocacy groups were quick to show that the new policy did not in fact allow large families to make up any losses due to the cuts. Because of public pressure, the government of Ontario refined its policy and increased the size of the exemption according to the size of the family. To its credit, Ontario also compensated welfare families for any income they had lost because of the original policy change.

As of April 1996, Yukon granted an additional earnings exemption to people who had been on assistance for three months. Recipients are now permitted 25 percent of net earnings exceeding the flat rate exemptions.

The National Council of Welfare feels that it is fair to require some effort on the recipient's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. But we also feel that welfare rates should be based on the cost of a reasonable basket of goods and that recipient households should receive the full amount. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits is not.



**TABLE 7**

**MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998**

	<b>Unemployable</b>	<b>Employable</b>
Newfoundland <sup>1</sup>	<p>Adults on social assistance for reasons other than unemployment (excluding disability): \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>Families on social assistance for reasons other than unemployment: \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>Disabled adults: up to \$95 a month</p> <p>Families with disabled member(s): up to \$190 a month</p>	<p>Unemployed adults: 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>Unemployed families: 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island <sup>2</sup>	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	
Nova Scotia <sup>3</sup>	<p>Single persons: \$100 + 25% of gross earnings or vocational training allowances</p> <p>Families: \$200 + 25% of gross earnings or vocational training allowances</p> <p>Single people with disabilities who are in an approved education program: \$275 + 25% of monthly training allowances</p>	<p>From net wages:<sup>4</sup></p> <p>\$50 single person</p> <p>\$100 family</p>

**TABLE 7**

**MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998**

	Unemployable	Employable
New Brunswick	<p>\$150 single person</p> <p>\$200 family</p>	<p>\$150 single person</p> <p>\$200 family</p> <p>If welfare officials decide a recipient has high employment potential, exemptions are increased.</p> <p>For a single person: an additional monthly amount of \$250 for two months</p> <p>For a family: an additional \$200 a month for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions</p>
	<p>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the employment seems likely to lead to self-sufficiency (that is, is not temporary or seasonal). The Extended Wage Exemption lasts for twelve months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Single people and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month</p> <p>Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month</p>	

**TABLE 7**

**MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998**

	<b>Unemployable</b>	<b>Employable</b>
Quebec <sup>5</sup>	\$100 single person or family	\$184 single person \$84 single parent \$231 two-parent family
Ontario <sup>6</sup>	Single person: First \$143 + 25% of remainder of earnings Single parent, one child: First \$275 + 25% of remainder of earnings and child care Couple, two children: First \$346 + 25% of remainder of earnings and child care	
Manitoba	The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings. For newly-enrolled applicants and self-employed persons, \$50 a month up to \$600 a year	\$95 single person \$130 household of two persons or more <sup>7</sup>
Saskatchewan <sup>8</sup>	First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two- person family classified as disabled	First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled

**TABLE 7**

**MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998**

	Unemployable	Employable
Alberta	\$115 plus 25% of net income over \$115 <sup>9</sup>	
British Columbia	Disability Benefits Level 1 (temporarily unemployable): no earnings exemption.	25% of any income earned after recipient has been on welfare for three months. The exemption is available only twelve months during a 36-month period. The twelve months need not be consecutive.
	Disability Benefits Level 2 (permanently unemployable): \$200 plus 25% of remaining amount. No time limit for earnings exemptions.	
Northwest Territories	\$50 (no dependants)	
	\$100 (dependants)	
Yukon	No exemption on net income from full-time employment (more than 20 hours a week).	<p>Earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependants or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.</p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p> <p>After three months on welfare, Yukon grants an additional exemption of 25% of net earnings exceeding the flat rate exemptions.</p>



## NOTES TO TABLE 7

<sup>1</sup> Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.

<sup>2</sup> The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries must travel to and from work.

<sup>3</sup> There is a total exemption of earned income for the first month of full-time employment for unemployable recipients on provincial welfare (the disabled person and the single parent). Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.

<sup>4</sup> These are the earnings exemptions for the Halifax Regional Municipality (called the City of Halifax until April 1996). In April 1998, the provincial government took over the administration of all welfare in Nova Scotia.

<sup>5</sup> The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the 'unavailable' category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the 'non-participant' category of the program. Effective April 1, 1997, rates for the Work and Employment Incentives Program were reduced by amounts equal to the amount of compensation received under the Property Tax Refund program. This amounted to \$10 for each adult and \$1 for each child. To off set this reduction, the province raised the earnings exemptions by the same amount.

<sup>6</sup> Ontario changed its earnings exemption policies in 1995.

<sup>7</sup> As of April 1999, each employable adult is granted a \$100 exemption regardless of family size and type.

<sup>8</sup> Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the 'disabled' or 'not fully employable' categories are entitled to the earnings exemption from the time they receive income from employment.

<sup>9</sup> Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$165 a month plus 25 percent of additional earnings.

## **Conclusion**

The millions of children, women and men who were on welfare sometime during the 1990s have suffered greatly at the hands of the federal, provincial and territorial governments. Squeezing dollars out of the poorest of the poor is a record that can only be described as shameful.

The federal government set the stage for a wholesale assault on welfare with its infamous “cap on CAP” in 1990 - cuts in federal support under the Canada Assistance Plan to Ontario, Alberta and British Columbia to defray the cost of welfare and social services. The federal government followed the cap on CAP with a freeze in federal support for welfare and social services in all the provinces in the 1995-1996 fiscal year.

Ottawa killed the Canada Assistance Plan outright in 1996 and introduced a “block funding” arrangement known as the Canada Health and Social Transfer to provide federal funds for medicare and post-secondary education as well as welfare and social services. The new arrangements were accompanied by large cuts in federal payments to provinces and territories. The new system made it all but impossible for provinces and territories to make long-overdue improvements in their welfare systems.

Meanwhile, some provincial governments had already embarked on plans to make welfare even tighter and more demeaning. Among the most damaging were Alberta’s efforts to trim the welfare rolls starting in 1993 by purging existing welfare recipients, making it more difficult for people to qualify for welfare, and Ontario’s wholesale and arbitrary cuts in welfare rates in the autumn of 1995.

The National Council of Welfare always feared that cuts in welfare programs would leave people struggling to survive, but we thought governments might think twice about cutting the incomes of families with children who were on welfare. It turned out that we were wrong. The purchasing power of welfare benefits for families with children fell during the 1990s in every single province and territory. In effect, children who happened to have the bad luck to be born into welfare families were made to suffer along with their parents.

Allowing children to grow up in poverty is bad social policy. As we said in our 1999 report Preschool Children: Promises to Keep:

“Just about everyone knows that child poverty has devastating effects. Child poverty hurts children’s development and it reduces their chances of successes socially, in school and later on in their work lives - all of which increase the possibility that poor children will grow up to be poor adults. The extra difficulties that children face when they grow up in poverty place additional burdens on families already struggling with the other stresses of poverty. The costs of health and social services to help poor children overcome the extra obstacles they face during childhood and later when they face the job market with lower levels of education and fewer job skills come out of the public purse. Child poverty is bad for children, bad for their families and bad for Canada.”

Another major change in welfare policy came on July 1, 1998, with the new Canada Child Tax Benefit. The program marked the first significant new federal social spending in many years and should have made it easier for families on welfare to make ends meet. Instead, Ottawa and most of the provinces and territories agreed that the new money should be clawed back from families on welfare. Bluntly put, governments had the audacity to think they could spend the new federal money better than families on welfare who live on incomes of half the poverty line or less. Rather than trust parents on welfare with more money, governments said they would decide how the extra money would be spent and who would ultimately benefit from this government spending.

Only Newfoundland and New Brunswick distanced themselves from other governments and said they would not claw back the increase in the Canada Child Tax Benefit.

One of the side effects of the clawback – intended or otherwise – was a freeze on welfare rates. No provincial or territorial government that cut its welfare costs by letting the federal government pick up more of the tab was going to raise welfare rates for families with children. And no provincial or territorial government that froze welfare rates for families with children was going to raise rates for welfare recipients without children.

Welfare Incomes 1997 and 1998 shows the net result of government actions over the years to make the worst out of Canada’s social safety net of last resort. Not only is the system harsher than it was at the start of the decade, it is also much more complex and less logical.

The lack of subsidized child care is a good case in point. Governments everywhere are trying to get people on welfare, including parents, into the paid labour force. Yet they steadfastly refuse to



provide suitable child care, the one program that is absolutely essential to helping families with children escape from welfare.

For many years, the National Council of Welfare has been trying without success to convince governments to pursue welfare reform in the best, rather than the worst sense of the word. Most recently, we have been pushing the federal government to use a large portion of its budget surplus to start undoing the damage it caused in the 1990s.

In a report entitled Children First that was published in the fall of 1999, the Council urged the federal government to make the budget of February 2000 a true “children’s budget.” The report contained 29 recommendations, including three that the Council considers of overriding importance:

- an end to the clawback of the Canada Child Tax Benefit from families on welfare;
- a serious start on a national child care and early childhood education program that is comprehensive, high-quality and affordable; and
- an integrated rather than a piecemeal approach to family policy.

Children First also contained a series of recommendations for welfare reform that would make the welfare system better for all recipients, including recipients with children.

The federal, provincial and territorial governments must negotiate new arrangements for welfare to replace the Canada Health and Social Transfer. The agreement must provide for increased federal financial support for welfare programs. In return, provincial and territorial governments must accept basic national standards including the following:

- Welfare rates must be high enough to cover the cost of the necessities of life as measured by the cost of a “market basket” of goods and services purchased in a person’s community. Once set in this manner, rates must not be changed arbitrarily.
- Earnings exemptions must allow welfare recipients to enter the paid labour force without suffering huge financial penalties or welfare “tax-backs.” In some jurisdictions, people lose a dollar of welfare for every dollar they earn beyond a token amount, a loss tantamount to a tax of 100 percent.



- All provinces and territories must provide money to defray the cost of prescription drugs, dental care and eyeglasses for welfare recipients and also for low-wage workers and their families. Too many welfare recipients lose coverage for non-insured health care when they enter the paid labour force.
- “Workfare” must be banned outright. Encouraging welfare recipients to work is reasonable, but assigning them to specific menial or dead-end jobs as a condition to welfare is tantamount to servitude. Forcing parents on welfare into demeaning jobs creates serious stresses that undermine their ability to take care of their children.
- Welfare programs must ensure that recipients with young children have every opportunity to finish their education and training to allow them to get jobs that support them and their children. Education and training programs must guarantee child care to parents who need it.
- As a matter of right, applicants for welfare and welfare recipients must be able to appeal the decisions of welfare and social service officials.

The National Council of Welfare will be watching the budget speech to see how many of its recommendations the federal government is willing to accept. It will also be watching for announcements in provincial and territorial budgets later in the spring to end the clawback of the Canada Child Tax Benefit, to support efforts to create a national child care program and to take a more humane approach to welfare.

We believe that governments at all levels have an overriding obligation to treat people fairly, regardless of where their income comes. Governments have failed miserably in the 1990s in their obligations to people on welfare. We can only hope that the current decade will feature a return to fairness.

## APPENDIX

### ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY

	March 31, 1996	March 31, 1997	March 31, 1998	March 31, 1999	% Change 1996-1997	% Change 1996-1998
Newfoundland	72,000	71,900	64,600	59,900	-0.1%	-10.3%
Prince Edward Island	11,700	11,100	10,900	9,800	-5.1%	-6.8%
Nova Scotia	103,100	93,700	85,500	80,900	-9.1%	-17.1%
New Brunswick	67,100	70,600	67,100	61,800	5.2%	0.0%
Quebec	813,200	793,300	725,700	661,300	-2.4%	-10.8%
Ontario	1,214,600	1,149,600	1,091,300	910,100	-5.4%	-10.2%
Manitoba	85,800	79,100	72,700	68,700	-7.8%	-15.3%
Saskatchewan	80,600	79,700	72,500	66,500	-1.1%	-10.0%
Alberta	105,600	89,800	77,000	71,900	-15.0%	-27.1%
British Columbia	369,900	321,300	297,400	275,200	-13.1%	-19.6%
Yukon	1,700	2,000	2,100	1,700	17.6%	23.5%
Northwest Territories	11,800	12,800	10,700	11,300	8.5%	-9.3%
CANADA	2,937,100	2,774,900	2,577,500	2,279,200	-5.5%	-12.2%

Source: Social Program Information and Analysis Division, Social Policy Directorate,  
Human Resources Development Canada.

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## NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 2<sup>e</sup> étage, 1010, rue Somerset ouest, Ottawa K1A 0J9.









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## FOREWORD

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Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for 1999 for four types of households: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. The National Council of Welfare has published similar estimates since 1986.

The National Council of Welfare is grateful to the officials of provincial and territorial governments who took the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and co-operation of the Quantitative and Information Analysis Division of the Social Policy Directorate at Human Resources Development Canada, in particular the help of Anne Tweddle.

In all the years the Council has tracked welfare incomes, we have found that incomes in all parts of Canada fall well below the poverty line and represent a tiny fraction of average incomes. The fact that welfare programs continue to keep recipients - including children - in such deep poverty is deeply disappointing.

All levels of government have touted their intentions to help families with young children. Governments in several provinces and territories have also introduced programs to provide extra income supports for families with children. Unfortunately, many of these financial supports completely bypass those families that are forced to depend on welfare. As a result, very few children on welfare have seen their families' incomes improve.

Most disappointing is the effect of the federal government's massive investment in the Child Tax Benefit. Last year's version of this report showed the perverse impact of the clawback as of July 1998. This year's report shows the continuation of the pattern: the federal government gives and the provinces and territories take away. The federal government allowed the provinces and territories to claw back the increases in federal funds from families that relied on welfare.

The clawback has effectively frozen welfare incomes and dampened prospects for increases in the future. It has also made it possible for the provinces and territories to evade their responsibilities to the poorest of the poor while the federal government now shoulders a greater part of the cost.



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## WHAT IS WELFARE?

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Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, the Canada Health and Social Transfer (CHST) replaced CAP. Under the CHST, the federal government reduced its transfer payments to the provinces and territories for health, education and social services. As of July 1, 1998, the Canada Child Tax Benefit has covered some of the cost of welfare for families with children.

Although people talk about welfare as a single entity, there are really 13 welfare systems in Canada: one in each province and territory, including the new territory of Nunavut. Despite the fact that each of the 13 systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

### ELIGIBILITY

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People who are disabled require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a "needs test." The welfare department compares the budgetary needs of an applicant and any dependants with the assets and income of the household. Needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household's non-exempted financial resources are less than the cost of regularly recurring needs that the welfare department considers acceptable, for example, food, shelter, household, personal needs and special needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are

considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (that is, cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces and territories) appear in Table 1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels that were in effect in January 1999.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Some types of income, such as the basic federal Child Tax Benefit (but not the supplement) and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Welfare departments consider that income from other sources such as employment, pensions and unemployment insurance is fully or partially available for support of the household.

In most provinces and territories, welfare departments consider the supplement to the Canada Child Tax Benefit to be income that is deducted 100 percent from the family welfare cheque. Some provinces have reduced the amount of welfare they provide to families with children instead of treating the federal benefit as income. Only Newfoundland and New Brunswick allow families with children that are on welfare to keep the supplement to the Canada Child Tax Benefit.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share with the provinces and territories the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory has replaced its needs test.

TABLE 1, LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1999

	UNEMPLOYABLE			EMPLOYABLE	
	SINGLE PERSON	SINGLE PARENT, ONE DEPENDANT	SINGLE PERSON WITH DISABILITY	SINGLE PERSON	FAMILY
NEWFOUNDLAND <sup>1</sup>	\$1,500	\$2,500	\$3,000	\$40	\$100
PRINCE EDWARD ISLAND	**2	\$1,200	\$900	\$50 to \$200 <sup>3</sup>	\$50 <sup>4</sup>
NOVA SCOTIA	\$1,500 <sup>5</sup>	\$2,500	\$3,000	Province generally requires applicants to expend liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC <sup>6</sup>	\$712	\$1,037	\$712	\$712	Couple, two children: \$1,478
ONTARIO <sup>7</sup>	\$5,000	\$7,500	\$5,000	Single person: \$520 Couple: \$901 Couple, one child: \$1,530 Adult, one child: \$1,457	
MANITOBA <sup>8</sup>	\$2,000	\$2,000	\$2,000	0	0
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 <sup>9</sup>
ALBERTA	\$1,500	\$2,500	\$1,500 <sup>10</sup>	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
BRITISH COLUMBIA <sup>11</sup>	\$500	\$5,000	\$3,000	\$500	\$5,000



TABLE 1, LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1999

	UNEMPLOYABLE			EMPLOYABLE	
	SINGLE PERSON	SINGLE PARENT, ONE DEPENDANT	SINGLE PERSON WITH DISABILITY	SINGLE PERSON	FAMILY
YUKON <sup>12</sup>	\$500	\$1,500	\$1,500	\$500	\$1,000 for two people + \$300 for each additional family member to a maximum of \$1,500
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				
NUNAVUT	The director may determine that some assets (such as those used in traditional activities) should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

<sup>1</sup> On August 1, 1997, Newfoundland reduced the liquid asset exemptions for a single unemployable person from \$2,500 to \$1,500 and reduced the exemption for a single unemployable parent with one dependant from \$5,000 to \$2,500.

<sup>2</sup> In Prince Edward Island, single applicants were not considered unemployable unless they were disabled.

<sup>3</sup> For unemployed applicants who require assistance for less than four months, the exemption is \$50 a month. For a single person on assistance for four months or more, the liquid asset exemption level is \$200.

<sup>4</sup> This level applies to unemployed applicants with families who require assistance for less than four months. For persons with dependants who are on welfare for four months or more, liquid asset exemption levels are \$1,200 to \$2,400, depending on family size.

<sup>5</sup> This exemption applies to single persons over 60 years of age who are not eligible for the Old Age Security pension. Nova Scotia does not consider single applicants unemployable unless they are disabled. Married persons with a disabled partner may keep assets of \$5,500.



<sup>6</sup> Quebec revised its test for liquid assets in 1998. Under the system in place from 1996 to 1998, liquid assets had to be below the monthly amount of welfare that a person would have qualified to receive. As of 1998, Quebec set standard maximum liquid asset amounts according to family size. If the applicant's assets – including expected income from other sources during the month of application – falls below the maximum, the welfare cheque for that month is calculated based on the rest of the days left in that month. Employment Insurance payments are exempt from the calculation. Heat and utility costs are subtracted from the total assets. Exemptions are uniform regardless of disability and work expectations.

<sup>7</sup> The “unemployable” category is the Ontario Disability Support Program; the “employable” category is Ontario Works, which underwent changes in 1998. Ontario may allow households applying for or in receipt of welfare to exceed the maximum exemption level if the savings will be used for an item Ontario deems necessary for the well-being of a member of the household, for example, a specially equipped van or an electric wheelchair.

<sup>8</sup> The provincial government has taken over the administration of welfare in the City of Winnipeg. The provincial Municipal Assistance Regulation does not allow any liquid asset exemption for applicants. In areas where the municipal government administers the program, it has the discretion to allow an exemption of up to \$400 per person to a maximum of \$2,000 per household, once a person or family has qualified for assistance.

<sup>9</sup> The level of \$3,000 applies to a person with one dependant. There is an additional \$500 liquid asset exemption for each additional dependant.

<sup>10</sup> This rate refers to people who receive welfare under the Supports for Independence program. Alberta grants an exemption of up to \$3,000 if a person is severely and permanently disabled and has high needs because of the costs of personal support services. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped (AISH) program, rather than welfare. In October 1999, the asset limit for AISH was \$100,000.

<sup>11</sup> These exemption levels apply to British Columbia welfare recipients under age 55. The liquid asset exemption for single recipients 55 and older is \$3,000. There is an additional \$500 liquid asset exemption for each additional dependant.

<sup>12</sup> The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

## RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic social assistance, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or “in kind” support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special-needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 2 presents a national picture of estimated welfare incomes for 1999. The incomes shown are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with a two-year-old child and a two-parent family with two children ten and 15 years of age. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 1999 and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates of what a particular family or a single person might receive. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or

suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. In Quebec, the welfare department sometimes considers the financial support of young people to be the responsibility of their parents. In those cases, Quebec will reduce the assistance rate and demand a contribution from the parents of the welfare recipient.

These figures are also minimum amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

## **BASIC SOCIAL ASSISTANCE**

The column called basic social assistance shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, clothing, shelter, utilities, personal and household needs. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the supplement to Canada Child Tax Benefit that began in July 1998.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing and the case history.

### **A. RESIDENCE**

The rates of social assistance shown for each province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

### **B. AGES OF CHILDREN**

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are ten and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

### **C. EMPLOYABILITY OF THE HOUSEHOLD HEAD**

In Table 2, we assigned short-term rates of assistance (which are generally lower than long-term rates) to single employable individuals and couples with children in all



jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the disabled person received welfare, not payments for special, long-term disability programs. In Alberta, for example, people with severe and permanent disabilities may be eligible for a special program called Assured Income for the Severely Handicapped (AISH), providing they can supply the province with medical proof of the severity of their disability. In April 2000, 25,000 Albertans received support from AISH, while 8,500 people who were classified as “not expected to work” received support from the regular welfare program.

#### D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. All provinces and territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

In Newfoundland, single able-bodied people are granted welfare only under room-and-board arrangements, which are much lower than the payments for renting an apartment. The monthly room-and-board rate is only \$93 a month. Three-quarters of single employable people receiving welfare under the room-and-board rate receive extra payments because of extenuating circumstances as determined by the welfare department.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions.

Saskatchewan paid welfare recipients the actual cost of their utilities up to a set maximum amount until 1993. After 1993, Saskatchewan paid the actual costs with no limits. In last year’s version of this report, the figures showed the actual average amount the province paid to welfare recipients of each family type. In this year’s edition, the rate is based on the actual December 1999 payment multiplied by twelve months.

One notable change occurred in the Northwest Territories. Until 1997, there were no maximum rates for shelter. The welfare department covered the cost of actual rents, and these varied widely in the North. As of January 1, 1997, the Northwest Territories created a new welfare program with maximum rents of \$450 a month for the single employable and single disabled people, \$1,100 for the single parent with one child, and \$1,300 for the couple with two children. The Northwest Territories covers the actual cost of utilities, but the territorial government did not provide the National Council of Welfare with the typical amounts paid. The figures for basic assistance from 1997 and 1998 are therefore much lower than those for previous years. Officials from the Territories provided us with the actual average utilities payments for September 1999, so the 1999 figures represent the September payments multiplied by twelve.



## E. CASE HISTORY

In order to “annualize” the rates for this report, we assumed that these four typical households started receiving welfare on January 1, 1999, and remained on assistance until the last day of each calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

## F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances. The footnotes explain the special assistance in each jurisdiction.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in Column 2 of Table 2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

## CHILD TAX BENEFIT

The child tax benefit system changed radically in recent years. Successive federal governments have moved to “target” their financial support to families at the lower end of the income spectrum. The federal child tax benefit column shows the basic Child Tax Benefit and the supplement, including increases on July 1, 1999.

In 1999, the federal government paid a basic annual benefit of \$1,020 for each child under age 18 in most parts of Canada. Quebec and Alberta asked the federal government for different calculations of the basic benefits. In Quebec, payments vary according to the ages and number of children in each family. In Alberta, payments vary according to

the ages of the children. In all provinces and territories, there was a supplementary annual benefit of up to \$213 for each child under age seven.

As of July 1, 1998, the federal government provided all families with incomes under \$20,921 with a supplement to the Canada Child Tax Benefit. If a family had one child, the supplement was \$605 a year or \$50.42 a month. Families with two children received a supplement of \$1,010 a year or \$84.16 a month. As of July 1, 1999, the supplement was \$785 a year or \$65.42 a month for a family with one child and \$1,370 a year or \$114.17 a month for a family with two children. Our calculations show the lower rate from January to June 1999 and the increase from July to December 1999.

Only those families on welfare who lived in Newfoundland and New Brunswick saw an increase in their incomes because of the supplement to the Canada Child Tax Benefit. The other provinces and territories clawed the money back in different ways. In Prince Edward Island, Nova Scotia, Ontario, Manitoba, British Columbia, Yukon and the Northwest Territories, the welfare departments consider the supplement to be non-exempt income that triggers a cut in the families' welfare cheques. In Quebec, Saskatchewan and Alberta, the provincial governments have actually cut welfare benefits by the amount of the supplement to the Child Tax Benefit. In our calculations, we have shown the basic Canada Child Tax Benefit and the supplement under the column called Federal Child Tax Benefit and we have shown the deductions in the column for social assistance.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks under the Canada Child Tax Benefit discriminate against families on welfare. Our 1998 report, Child Benefits: Kids Are Still Hungry, estimated that only 36 percent of poor families with children would benefit from the Canada Child Tax Benefit. Fifty-nine percent of two-parent poor families but only 17 percent of poor single-parent families would be allowed to keep the benefit. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

## PROVINCIAL AND TERRITORIAL CHILD BENEFITS

The Newfoundland and Labrador Child and Family Benefit began in August 1999. The single-parent family with one child receives \$17 a month and the two-parent family with two children receives \$43 a month.

Nova Scotia uses the money it claws back from the supplement to the Canada Child Tax Benefit to support the Nova Scotia Child Benefit for all families with net annual incomes below \$16,000. Beginning in July 1998, families received \$250 a year for their

first child and \$168 for the second child. As of July 1999, families received \$324 for the first child and \$242 for the second child. Our calculations show the lower amount from January to June 1999 and the higher amount for July to December 1999.

In October 1997, New Brunswick introduced a provincial Child Tax Benefit worth \$21 a child each month, retroactive to April 1997. There have been no increases to the Benefit since then.

Quebec provides a family allowance over and above the federal Child Tax Benefit. This was worth \$81.25 a month for each child from January to July 1999, then \$66.25 a month for each child from August 1999 on. Quebec also paid a special allowance to families worth \$9.77 a month for the first child under six, a single-parent supplement and a supplement to the family allowance.

The Saskatchewan Benefit provided \$75 a month for families with one child and \$167 a month for families with two children until June 1999. In July 1999, Saskatchewan reduced this amount by the amount of the increase in the federal government's payment under the supplement to the Canada Child Tax Benefit. From July to December, these families received \$60 a month and \$137 a month respectively. Saskatchewan also provides an allowance of \$35 a month to the single-parent family.

In July 1996, British Columbia introduced the BC Family Bonus as part of a package of initiatives known as BC Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children that have filed income tax returns for the previous year and have applied for the Child Tax Benefit. Families on welfare received \$103 a month per child for January to June 1999 and \$105 a month from July to December 1999 from the BC Family Bonus. This amount includes the federal government's contribution for the supplement to the Child Tax Benefit. BC reduced its basic welfare payment by the value of the BC Family Bonus.

Northwest Territories uses the money it claws back from the supplement to the Canada Child Tax Benefit to support the NWT Child Benefit for all families with net annual incomes below \$20,921. Beginning in July 1998, families receive \$330 annually for every child. The amount did not change in 1999.

The new territory of Nunavut adopted most of the welfare policies of the Northwest Territories. Its Nunavut Child Benefit provides \$330 a year for each child.

Several provinces and territories also provide incentives to low-income workers with children. We have not included these programs in our calculations because we base our estimates on the welfare incomes of parents with no earned income.

## **GST CREDIT**

The column for federal GST credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the

Atlantic provinces. The GST credit is paid quarterly. The four payments received in 1999 were worth a maximum of \$199 annually for each adult or the first child in a single-parent family. For other dependent children, the total was a maximum of \$105 a year for each child.

Single adults, including single parents, also received an income-tested supplement to a maximum of \$105 in 1999 if their 1998 incomes were higher than \$6,456.

### **PROVINCIAL TAX CREDITS**

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia.



TABLE 2, ESTIMATED 1999 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	BASIC SOCIAL ASSISTANCE	ADDITIONAL BENEFITS	FEDERAL CHILD TAX BENEFIT <sup>1</sup>	PROVINCIAL/ TERRITORIAL CHILD BENEFITS	FEDERAL GST CREDIT <sup>2</sup>	PROVINCIAL / TERRITORIAL TAX CREDITS	TOTAL INCOME
NEWFOUNDLAND <sup>3</sup>							
Single Employable <sup>4</sup>	\$1,102				\$199	\$40	\$1,341
Disabled Person <sup>5</sup>	\$6,940	\$1,500			\$237	\$40	\$8,717
Single Parent, One Child <sup>6</sup>	\$11,316		\$1,928	\$85	\$495	\$100	\$13,924
Couple, Two Children <sup>7</sup>	\$12,064		\$3,230	\$215	\$608	\$200	\$16,317
PRINCE EDWARD ISLAND <sup>8</sup>							
Single Employable	\$5,316				\$199		\$5,515
Disabled Person <sup>9</sup>	\$7,116	\$1,092			\$234		\$8,442
Single Parent, One Child <sup>10</sup>	\$9,277		\$1,928		\$465		\$11,670
Couple, Two Children <sup>11</sup>	\$13,786	\$175	\$3,230		\$608		\$17,799
NOVA SCOTIA							
Single Employable <sup>12</sup>	\$4,374				\$199		\$4,573
Disabled Person	\$8,568				\$241		\$8,809
Single Parent, One Child <sup>13</sup>	\$9,865		\$1,928	\$287	\$478		\$12,558
Couple, Two Children <sup>14</sup>	\$12,586		\$3,230	\$209	\$608		\$16,633
NEW BRUNSWICK							
Single Employable	\$3,168				\$199		\$3,367
Disabled Person	\$6,696				\$203		\$6,899
Single Parent, One Child <sup>15</sup>	\$8,772	\$900	\$1,928	\$252	\$467		\$12,319
Couple, Two Children <sup>16</sup>	\$9,828	\$1,000	\$3,230	\$504	\$608		\$15,170
QUEBEC <sup>17</sup>							
Single Employable <sup>18</sup>	\$6,024				\$199		\$6,223
Disabled Person <sup>19</sup>	\$8,712				\$239		\$8,951
Single Parent, One Child <sup>20</sup>	\$8,341		\$1,928	\$2,200	\$488		\$12,957
Couple, Two Children <sup>21</sup>	\$10,243	\$139	\$2,210	\$1,800	\$608		\$15,000

TABLE 2, ESTIMATED 1999 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	BASIC SOCIAL ASSISTANCE	ADDITIONAL BENEFITS	FEDERAL CHILD TAX BENEFIT <sup>1</sup>	PROVINCIAL/ TERRITORIAL CHILD BENEFITS	FEDERAL GST CREDIT <sup>2</sup>	PROVINCIAL / TERRITORIAL TAX CREDITS	TOTAL INCOME
<b>ONTARIO<sup>22</sup></b>							
Single Employable	\$6,240				\$199	\$383	\$6,822
Disabled Person <sup>23</sup>	\$11,160				\$293	\$306	\$11,759
Single Parent, One Child <sup>24</sup>	\$10,789	\$105	\$1,928		\$498	\$385	\$13,704
Couple, Two Children <sup>25</sup>	\$13,378	\$407	\$3,230		\$608	\$507	\$18,130
<b>MANITOBA</b>							
Single Employable	\$5,352				\$199		\$5,551
Disabled Person <sup>26</sup>	\$7,157	\$870			\$230		\$8,257
Single Parent, One Child <sup>27</sup>	\$8,941		\$1,928		\$459		\$11,328
Couple, Two Children <sup>28</sup>	\$12,867		\$3,230		\$608		\$16,705
<b>SASKATCHEWAN<sup>29</sup></b>							
Single Employable	\$5,540				\$199		\$5,739
Disabled Person <sup>30</sup>	\$7,140	\$1,020			\$225		\$8,385
Single Parent, One Child <sup>31</sup>	\$8,253		\$1,928	\$1,230	\$466		\$11,877
Couple, Two Children <sup>32</sup>	\$11,713	\$215	\$3,230	\$1,824	\$608		\$17,590
<b>ALBERTA<sup>33</sup></b>							
Single Employable	\$4,764	\$60			\$199		\$5,023
Disabled Person <sup>34</sup>	\$6,384	\$474			\$203		\$7,061
Single Parent, One Child <sup>35</sup>	\$9,019	\$60	\$1,843		\$453		\$11,375
Couple, Two Children <sup>36</sup>	\$13,774	\$210	\$3,327		\$608		\$17,919
<b>BRITISH COLUMBIA<sup>37</sup></b>							
Single Employable <sup>38</sup>	\$6,046	\$35			\$199	\$50	\$6,330
Disabled Person <sup>39</sup>	\$9,252	\$35			\$256	\$50	\$9,593
Single Parent, One Child <sup>40</sup>	\$10,548	\$80	\$1,928	\$553	\$502	\$50	\$13,661
Couple, Two Children <sup>41</sup>	\$12,396	\$190	\$3,230	\$1,306	\$608	\$100	\$17,830

TABLE 2, ESTIMATED 1999 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	BASIC SOCIAL ASSISTANCE	ADDITIONAL BENEFITS	FEDERAL CHILD TAX BENEFIT <sup>1</sup>	PROVINCIAL/ TERRITORIAL CHILD BENEFITS	FEDERAL GST CREDIT <sup>2</sup>	PROVINCIAL / TERRITORIAL TAX CREDITS	TOTAL INCOME
<b>YUKON<sup>42</sup></b>							
Single Employable <sup>43</sup>	\$10,790	\$155			\$228		\$11,173
Disabled Person <sup>44</sup>	\$10,790	\$1,655			\$258		\$12,703
Single Parent, One Child <sup>45</sup>	\$15,198	\$572	\$1,928		\$503		\$18,201
Couple, Two Children <sup>46</sup>	\$21,840	\$685	\$3,230		\$608		\$26,363
<b>NORTHWEST TERRITORIES<sup>47</sup></b>							
Single Employable <sup>48</sup>	\$8,299				\$214		\$8,513
Disabled Person <sup>49</sup>	\$10,639				\$261		\$10,900
Single Parent, One Child <sup>50</sup>	\$17,791		\$1,928	\$330	\$503		\$20,552
Couple, Two Children <sup>51</sup>	\$22,152		\$3,230	\$660	\$608		\$26,650
<b>NUNAVUT<sup>52</sup></b>							
Single Employable	\$10,188				\$214		\$10,402
Disabled Person <sup>53</sup>	\$12,288				\$261		\$12,549
Single Parent, One Child <sup>54</sup>	\$25,381		\$1,928	\$330	\$503		\$28,142
Couple, Two Children <sup>55</sup>	\$29,746		\$3,230	\$660	\$608		\$34,244

<sup>1</sup> The federal Child Tax Benefit figures include the \$1,020 basic benefit and the \$213 supplement for the child under seven in the single-parent family. The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). As of July 1, 1998, the single parent with one child received a supplement of \$605 a year (or \$50.42 monthly) and the couple with two children received a supplement of \$1,010 a year (\$84.17 monthly). On July 1, 1999, the value of the supplement rose to \$785 a year (or \$65.42 a month) for the single-parent family and \$1,370 a year (or \$114.17 monthly) for the couple with two children. All provinces and territories except Newfoundland and New Brunswick deducted the value of the supplement from the welfare payments to families. Further changes to the supplement will appear in future editions of this report. Quebec and Alberta asked the federal government to vary the amount of the Child Tax Benefit, so the figures for these provinces differ.

<sup>2</sup> The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.



<sup>3</sup> As of 1997, Newfoundland allows all welfare recipients to keep the provincial refund for the Harmonized Sales Tax. Each adult receives \$40 and each child receives \$60.

<sup>4</sup> These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's. On August 1, 1999, monthly room and board rates rose by two percent from \$91 to \$93. Three-quarters of single employable people receiving room and board rates on welfare receive extra payments because of extenuating circumstances. These figures do not include higher rates for special circumstances.

<sup>5</sup> The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living. When rents are greater than \$149 monthly, the welfare department can provide a further \$61 a month. On August 1, 1999, monthly welfare rates rose two percent from \$401 to \$409.

<sup>6</sup> On August 1, 1999, the monthly welfare rate rose from \$494 to \$539. When rents are greater than \$149 monthly, the welfare department can provide a further \$61 a month.

<sup>7</sup> On August 1, 1999, the monthly welfare rate rose two percent, from \$618 to \$630. When rents are greater than \$149 monthly, the welfare department can provide a further \$61 a month.

<sup>8</sup> As of 1997, Prince Edward Island considered the GST credit exempt income so the amount was not deducted from basic social assistance.

<sup>9</sup> Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

<sup>10</sup> Prince Edward Island deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance.

<sup>11</sup> Prince Edward Island deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. The additional benefits column shows back-to-school benefits of \$100 and \$75 for the two children.

<sup>12</sup> Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. These figures do not include the higher rate for special circumstances.

<sup>13</sup> Nova Scotia deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. The province then uses the money it claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child and \$168 a year for their second child. On July 1, 1999, the payment rose to \$324 a year for the first child and \$242 for the second child.



To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$16,000. Families do not have to have earned income. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

<sup>14</sup> Nova Scotia deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. The province then uses the money it claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child and \$168 a year for their second child. On July 1, 1999, the payment rose to \$324 a year for the first child and \$242 for the second child. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$16,000. Families do not have to have earned income. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

<sup>15</sup> New Brunswick allows families to keep the supplement to the federal Child Tax Benefit. The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October. The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month.

<sup>16</sup> New Brunswick allows families to keep the supplement to the federal Child Tax Benefit. The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child). The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month beginning in April 1997.

<sup>17</sup> The value of the Quebec Sales Tax Credit is included in basic social assistance. The single disabled person is classified under the Financial Support Program. The single-parent family is classified as “unavailable” under the Work and Employment Incentives Program, and the others are classified as “non-participating.”

<sup>18</sup> Basic assistance rates increased to \$502 a month in January 1999. The actual assistance could be lower than the rates indicated here if Quebec deemed the recipient eligible for a “parental contribution” as defined by Quebec law.

<sup>19</sup> Basic social assistance for people with disabilities rose to \$726 a month on January 1, 1999.

<sup>20</sup> Quebec reduces its payments for families with children by an amount equivalent to the supplement to the federal Child Tax Benefit by reducing the Family Allowance. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased on January 1, 1999. The figure also includes the payments for young children and for the first child of a single parent. The shelter subsidy for recipients with dependent children rose from \$72 a month to \$80 a month in October 1999. Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family. The provincial child benefits column shows the Quebec Family Allowance and the Family Allowance Supplement for the first child in a family. Quebec reduced the value of the Family Allowance Supplement on August 1, 1999, by an amount equivalent to the increase in the supplement to the federal Child Tax Benefit.

<sup>21</sup> Quebec reduces its welfare payments for families with children by an amount equivalent to the supplement to the federal Child Tax Benefit. The additional benefits column includes the school expense allowance of \$46 for each dependant attending primary school and

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\$93 for each dependant in secondary school. Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family. The provincial child benefits column shows the Quebec Family Allowance.

<sup>22</sup> The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1998 – which is paid in 1999 – based on the recipients’ shelter costs.

<sup>23</sup> Assistance for a single disabled person is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

<sup>24</sup> Ontario deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. The additional benefits column shows the winter clothing allowance of \$105 for each dependent child.

<sup>25</sup> Ontario deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

<sup>26</sup> The additional benefits column shows the disability benefit which was \$70 a month until October 1999 when it rose to \$80 a month.

<sup>27</sup> Manitoba deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance.

<sup>28</sup> Manitoba deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance.

<sup>29</sup> Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. In Welfare Incomes 1997 and 1998, the figure showed the actual average amount paid to welfare recipients of each family type. In Welfare Incomes 1999, the utility rate is based on the actual December 1999 rate multiplied by twelve.

<sup>30</sup> Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month.

<sup>31</sup> On July 1, 1998, the supplement to the federal Child Tax Benefit began. Saskatchewan lowered its welfare rates by the amount of the supplement. The provincial child benefits column shows the Saskatchewan Child Benefit of \$75 a month and the Saskatchewan Child Differential Allowance of \$35 a month, both of which began in July 1998.

<sup>32</sup> On July 1, 1998, the supplement to the federal Child Tax Benefit began. Saskatchewan lowered its welfare rates by the amount of the supplement. The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children



between the ages of six and 13. The provincial child benefits column includes the Saskatchewan Child Benefit of \$167 a month beginning on July 1, 1998.

<sup>33</sup> The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program. The additional benefits column shows a “co-payment allowance” of \$5 a month for each adult.

<sup>34</sup> The additional benefits column shows a monthly supplement of \$20 for January to September which was raised to \$78 monthly in October 1999 for any person eligible for Assured Support, and a monthly “co-payment allowance” of \$5 for each adult. People with severe and permanent disabilities are eligible for further assistance of \$855 a month through the Assured Income for the Severely Handicapped (AISH) program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are also eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month. In April 2000, 25,000 Albertans received support from AISH while 8,500 people who were classified as “not expected to work” received support from the Assured Support program.

<sup>35</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount of the supplement to federal Child Tax Benefit. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child. The additional benefits column shows the monthly “co-payment allowance” of \$5 for each adult.

<sup>36</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount of the supplement to federal Child Tax Benefit. Additional benefits include education-related expenses: \$100 for children aged 14 and over and \$50 for children between the ages of 6 and 13. Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

<sup>37</sup> Provincial Tax Credits are the B.C. Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 1999 for the 1998 tax year.

<sup>38</sup> As of January 1996, British Columbia imposed an “employable reduction” on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently. The amount under “Additional Benefits” shows a Christmas allowance of \$35 for a single person.

<sup>39</sup> The amount under “Additional Benefits” shows a Christmas allowance of \$35 for a single person.

<sup>40</sup> On July 1, 1998, British Columbia reduced basic social assistance for families with children by an amount equivalent to the value of the supplement to the federal Child Tax Benefit. In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the federal Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families’ total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions

of Welfare Incomes showed B.C. Family Bonus under the additional benefits column. The amounts under “Additional Benefits” show a Christmas allowance of \$70 for the single parent plus \$10 for the child.

<sup>41</sup> On July 1, 1998, British Columbia reduced basic social assistance for families with children by an amount equivalent to the value of the supplement to the federal Child Tax Benefit. In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the federal Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families’ total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of *Welfare Incomes* showed B.C. Family Bonus under the additional benefits column. The amounts under “Additional Benefits” show a Christmas allowance of \$90, and school start-up fees of \$42 for a child between the ages of six and 11 and \$58 for a child 12 and older.

<sup>42</sup> Yukon last raised welfare rates in April 1991.

<sup>43</sup> Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and children 14 and older.

<sup>44</sup> Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and children 14 and older. Disabled welfare recipients also receive a supplementary allowance of \$125 a month if Yukon considers them “permanent exclusions from the labour force.”

<sup>45</sup> Yukon deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

<sup>46</sup> Yukon deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. Additional benefits include school allowances of \$50 for the 10-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

<sup>47</sup> In January 1997, the Northwest Territories redesigned its welfare system. Until then, Northwest Territories had paid actual shelter costs. Rates are now fixed, but the government pays the actual cost of fuel. Welfare recipients may be eligible for additional support if they undertake activities the territory considers “productive choices.” “Productive choices” may include activities such as work, training, raising children under the age of three, and voluntary activities.

<sup>48</sup> Northwest Territories raised the monthly food allowance for single people from \$152 to \$162 in August 1998.

<sup>49</sup> Northwest Territories raised the monthly food allowance for single people from \$152 to \$162 in August 1998. Under special circumstances, Northwest Territories will pay higher shelter costs for welfare recipients with disabilities. This figure assumes that the person with disabilities did not receive the higher shelter payment.

<sup>50</sup> Northwest Territories deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. Northwest Territories then uses the money it claws back to support the NWT Child Tax Benefit. As of July 1, 1998, families with incomes below



\$20,921 receive \$330 a year for each child. Families do not have to have earned income. The NWT Child Tax Benefit appears in the provincial/territorial child benefits column. Northwest Territories considers that raising a child under three is a “productive choice,” so the parent and child each get a clothing allowance. This is included in the basic social assistance column. Northwest Territories raised the monthly food allowance from \$273 to \$295 in August 1998.

<sup>51</sup> Northwest Territories deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. Northwest Territories then uses the money it claws back to support the NWT Child Tax Benefit. As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial/territorial child benefits column. Northwest Territories raised the monthly food allowance from \$485 to \$524 in August 1998.

<sup>52</sup> Nunavut Territory was created on April 1, 1999. Welfare policies were based on those of the Northwest Territories but with some modifications. Rates for Nunavut are based on the amounts granted to people living in Iqaluit. Under the administration of the Northwest Territories welfare system, rates for Iqaluit were often higher than rates in Yellowknife. Utility rates are based on actual average utility payments for September 1999. The shelter portion of Nunavut welfare can be raised under exceptional circumstances to cover the actual cost of housing, but the figures shown here include only the basic payment. Welfare recipients may be eligible for additional support if they undertake activities the territory considers “productive choices.” “Productive choices” may include activities such as work, training, raising children under the age of five, and voluntary activities.

<sup>53</sup> People with disabilities receive a monthly disability allowance of \$175 if they are over 60 or have a certificate from a doctor.

<sup>54</sup> Nunavut deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

<sup>55</sup> Nunavut deducts the value of the supplement to the federal Child Tax Benefit from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

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## ADEQUACY OF BENEFITS

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The incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the estimated low income cut-offs of Statistics Canada for 1999. The results are shown in Table 3.

Each year, Statistics Canada calculates low income cut-offs for households of different sizes living in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in Newfoundland with total incomes of \$1,341 were abysmally poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in some provinces and territories, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. How anyone manages to live on welfare rates of only nine percent of the poverty line - as a single employable person in Newfoundland is forced to do - is beyond our comprehension. Rates this low cannot be described as anything other than punitive and cruel.

Column 1 of Table 3 shows welfare incomes for different types of households in the ten provinces in 1999. None of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column 2 indicates the estimated 1999 poverty lines (the low income cut-offs of Statistics Canada, 1986 base) for the largest city in each province. The poverty gap, or difference between total income and the poverty lines, is shown in the next column. The last column represents total welfare income as a percentage of the poverty line, that is, welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 1999. Rates ranged from nine percent of the poverty line in Newfoundland to 41 percent of the poverty line in Ontario.

The lowest benefits for single disabled people stood at 42 percent of the poverty line in Alberta. The highest rate was 70 percent of the poverty line in Ontario.

Welfare incomes for single-parent families ranged from a low of 50 percent in both Manitoba and Alberta to a high of 70 percent in Newfoundland.

For two-parent families with two children, welfare incomes ranged from 45 percent of the poverty line in Quebec to 62 percent in Prince Edward Island.

TABLE 3, ADEQUACY OF 1999 BENEFITS

	TOTAL INCOME	POVERTY LINE	POVERTY GAP	TOTAL WELFARE INCOME AS % OF POVERTY LINE
NEWFOUNDLAND				
Single Employable	\$1,341	\$14,727	-\$13,386	9%
Disabled Person	\$8,717	\$14,727	-\$6,010	59%
Single Parent, One Child	\$13,924	\$19,963	-\$6,039	70%
Couple, Two Children	\$16,317	\$29,211	-\$12,894	56%
PRINCE EDWARD ISLAND				
Single Employable	\$5,515	\$14,386	-\$8,871	38%
Disabled Person	\$8,442	\$14,386	-\$5,944	59%
Single Parent, One Child	\$11,670	\$19,501	-\$7,831	60%
Couple, Two Children	\$17,799	\$28,539	-\$10,740	62%
NOVA SCOTIA				
Single Employable	\$4,573	\$14,727	-\$10,154	31%
Disabled Person	\$8,809	\$14,727	-\$5,918	60%
Single Parent, One Child	\$12,558	\$19,963	-\$7,405	63%
Couple, Two Children	\$16,633	\$29,211	-\$12,578	57%
NEW BRUNSWICK				
Single Employable	\$3,367	\$14,727	-\$11,360	23%
Disabled Person	\$6,899	\$14,727	-\$7,828	47%
Single Parent, One Child	\$12,319	\$19,963	-\$7,644	62%
Couple, Two Children	\$15,170	\$29,211	-\$14,041	52%
QUEBEC				
Single Employable	\$6,223	\$16,766	-\$10,543	37%
Disabled Person	\$8,951	\$16,766	-\$7,815	53%
Single Parent, One Child	\$12,957	\$22,726	-\$9,769	57%
Couple, Two Children	\$15,000	\$33,262	-\$18,262	45%



TABLE 3, ADEQUACY OF 1999 BENEFITS

	TOTAL INCOME	POVERTY LINE	POVERTY GAP	TOTAL WELFARE INCOME AS % OF POVERTY LINE
ONTARIO				
Single Employable	\$6,822	\$16,766	-\$9,944	41%
Disabled Person	\$11,759	\$16,766	-\$5,007	70%
Single Parent, One Child	\$13,704	\$22,726	-\$9,022	60%
Couple, Two Children	\$18,130	\$33,262	-\$15,132	55%
MANITOBA				
Single Employable	\$5,551	\$16,766	-\$11,215	33%
Disabled Person	\$8,257	\$16,766	-\$8,509	49%
Single Parent, One Child	\$11,328	\$22,726	-\$11,398	50%
Couple, Two Children	\$16,705	\$33,262	-\$16,557	50%
SASKATCHEWAN				
Single Employable	\$5,739	\$14,727	-\$8,988	39%
Disabled Person	\$8,385	\$14,727	-\$6,342	57%
Single Parent, One Child	\$11,877	\$19,963	-\$8,086	59%
Couple, Two Children	\$17,590	\$29,211	-\$11,621	60%
ALBERTA				
Single Employable	\$5,023	\$16,766	-\$11,743	30%
Disabled Person	\$7,061	\$16,766	-\$9,705	42%
Single Parent, One Child	\$11,375	\$22,726	-\$11,351	50%
Couple, Two Children	\$17,919	\$33,262	-\$15,343	54%
BRITISH COLUMBIA				
Single Employable	\$6,330	\$16,766	-\$10,436	38%
Disabled Person	\$9,593	\$16,766	-\$7,173	57%
Single Parent, One Child	\$13,661	\$22,726	-\$9,065	60%
Couple, Two Children	\$17,830	\$33,262	-\$15,432	54%

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## WELFARE AND AVERAGE INCOMES

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The low level of financial support provided by social assistance is also evident when measured against average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 4 compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages for 1999 are based on data collected by Statistics Canada in the Survey of Labour and Income Dynamics, inflated by the Consumer Price Index.

For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample of single parents was too small to be reliable for Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes are far, far below average. In 1999, a single employable person on welfare received from eight percent to 29 percent of the average income received by single people under 65. In 1999, the disabled person on welfare got 26 to 49 percent of the average. Single-parent families on welfare had incomes worth 38 to 61 percent of average incomes. It is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had income between 23 and 32 percent of average incomes.

TABLE 4, 1999 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	WELFARE INCOME 1999	ESTIMATED AVERAGE INCOME 1999	WELFARE INCOME AS % OF ESTIMATED AVERAGE INCOME
NEWFOUNDLAND			
Single Employable	\$1,341	\$17,643	8%
Disabled Person	\$8,717	\$17,643	49%
Single Parent, One Child	\$13,924	---	---
Couple, Two Children	\$16,317	\$53,096	31%
PRINCE EDWARD ISLAND			
Single Employable	\$5,515	\$18,775	29%
Disabled Person	\$8,442	\$18,775	45%
Single Parent, One Child	\$11,670	---	---
Couple, Two Children	\$17,799	\$56,291	32%
NOVA SCOTIA			
Single Employable	\$4,573	\$20,438	22%
Disabled Person	\$8,809	\$20,438	43%
Single Parent, One Child	\$12,558	\$20,711	61%
Couple, Two Children	\$16,633	\$60,416	28%
NEW BRUNSWICK			
Single Employable	\$3,367	\$20,927	16%
Disabled Person	\$6,899	\$20,927	33%
Single Parent, One Child	\$12,319	\$25,245	49%
Couple, Two Children	\$15,170	\$57,936	26%
QUEBEC			
Single Employable	\$6,223	\$23,475	27%
Disabled Person	\$8,951	\$23,475	38%
Single Parent, One Child	\$12,957	\$28,572	45%
Couple, Two Children	\$15,000	\$65,037	23%

TABLE 4, 1999 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	WELFARE INCOME 1999	ESTIMATED AVERAGE INCOME 1999	WELFARE INCOME AS % OF ESTIMATED AVERAGE INCOME
ONTARIO			
Single Employable	\$6,822	\$28,907	24%
Disabled Person	\$11,759	\$28,907	41%
Single Parent, One Child	\$13,704	\$33,644	41%
Couple, Two Children	\$18,130	\$78,214	23%
MANITOBA			
Single Employable	\$5,551	\$23,349	24%
Disabled Person	\$8,257	\$23,349	35%
Single Parent, One Child	\$11,328	\$26,197	43%
Couple, Two Children	\$16,705	\$61,714	27%
SASKATCHEWAN			
Single Employable	\$5,739	\$23,658	24%
Disabled Person	\$8,385	\$23,658	35%
Single Parent, One Child	\$11,877	\$28,260	42%
Couple, Two Children	\$17,590	\$63,085	28%
ALBERTA			
Single Employable	\$5,023	\$27,497	18%
Disabled Person	\$7,061	\$27,497	26%
Single Parent, One Child	\$11,375	\$30,250	38%
Couple, Two Children	\$17,919	\$75,128	24%
BRITISH COLUMBIA			
Single Employable	\$6,330	\$28,527	22%
Disabled Person	\$9,593	\$28,527	34%
Single Parent, One Child	\$13,661	\$30,844	44%
Couple, Two Children	\$17,830	\$71,669	25%



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## PROVINCIAL AND TERRITORIAL BENEFITS OVER TIME

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No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 5 summarizes the ups and downs of recent years.

The figures consist of those benefits shown in Table 2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the federal Child Tax Benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1999 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 to 1999 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 only. The National Council of Welfare first estimated welfare incomes in the Northwest Territories in 1993, so the table shows comparisons only since that time.

Most welfare recipients in Canada saw further erosion of their already precarious financial situation in 1999. Between 1998 and 1999, the cost of living rose by 1.7 percent. Welfare benefits were frozen or decreased in most jurisdictions. When the change from 1998 to 1999 appears as -1.7 percent, it means that the welfare rates were frozen and welfare recipients lost 1.7 percent of their purchasing power to inflation.

In Newfoundland, small increases in welfare payments for single employable and disabled recipients kept the value of welfare incomes close to the previous year. However, even with the introduction of the Newfoundland and Labrador Child and Family Benefit, the provincial contribution to welfare for families with children failed to keep pace with the increase in the cost of living. Newfoundland redesigned its welfare programs in 1999, and reduced the welfare payments slightly.

In Prince Edward Island, the welfare incomes of the single employable and single disabled person dropped in value simply because of freezes in their provincial welfare benefits. The provincial portion of incomes for families with children dropped considerably, by 5.7 percent for the single parent, and by 6.3 percent for the couple with two children. This is because Prince Edward Island claws back the supplement to the federal Child Tax Benefit. While the federal government gives money to poor parents, the province takes it away. This results in a significant drop in the province's contribution to families.

Nova Scotia also claws back the supplement to the federal Child Tax Benefit. Although the province gives families with children a payment under the Nova Scotia Child Benefit, the amount is much smaller than the amount the province takes from families on welfare. The result is that the provincial contribution to welfare incomes drops by 3.9 percent for the single parent with one child, and by 8.1 percent for the couple with two children. The incomes of single employable people on welfare in Nova Scotia dropped by 2.9 percent because of a change in welfare policy. As of 1999, welfare recipients are no longer eligible for a clothing allowance during their first three months on welfare. The single disabled person's welfare was frozen, so it simply dropped in value by the cost of living.

In New Brunswick, welfare incomes were frozen and dropped by the cost of living, 1.7 percent. New Brunswick does not claw back the supplement to the federal Child Tax Benefit, so the incomes of families with children lost only by the cost of living.

In Quebec, there were very slight increases in the payments to single employable and single disabled welfare recipients, which raised their incomes slightly higher than the cost of living. Quebec claws back the supplement to the federal Child Tax Benefit. Even with Quebec's programs for families with children, its provincial contribution to welfare incomes fell well below the cost of living, by 4.2 percent for the single parent and by 5.6 percent for the couple.

Ontario's single employable and single disabled welfare recipients lost by 1.7 percent, or the cost of living, because there were no increases in their provincial payments. The single parent and couple with children lost 4.9 percent and 6 percent respectively because Ontario claws back the supplement to the federal Child Tax Benefit.

Manitoba's single employable welfare recipients lost 1.7 percent of the value of their income because of a freeze in their provincial assistance. Single disabled recipients received a slight increase in their special benefits which reduced the erosion by the cost of living. Manitoba claws back the supplement to the federal Child Tax Benefit, so the families with children lost 5.8 percent of the value of provincial assistance for the single parent, and 6.6 percent of the income for the couple with two children.

In Saskatchewan, the figure for assistance for utilities is now based on the December 1999 rate. In previous years, this report used the September rate. This is a slightly higher figure, so it masks the fact that there were in reality no increases in the provincial payments to people on welfare. In reality, single employable and single disabled welfare recipients saw a decline in the value of their welfare incomes equivalent to the cost of living. Because Saskatchewan claws back the supplement to the federal Child Tax Benefit, the value of the provincial payments to families with children declined significantly.

In Alberta, value of the single employable welfare recipient's income declined by the cost of living. Alberta increased the Personal Needs Supplement for welfare recipients with disabilities, so the value of their incomes increased slightly. Because Alberta claws back the supplement to the federal Child Tax Benefit, the value of the provincial contribution to the income of the single parent declined by 2.8 percent, and the value

of Alberta's contribution to the income of the couple on welfare declined by 4.9 percent. This occurred even though Alberta increased the shelter allowance for both types of families with children.

In British Columbia, the single employable and single disabled person saw the value of their provincial incomes decline by the value of the cost of living. British Columbia claws back the value of the supplement to the federal Child Tax Benefit, so these families saw a decline of 4.9 percent and 6.1 percent respectively for the single parent and couple with children.

The incomes of single employable and single disabled welfare recipients in Yukon were frozen between 1998 and 1999. The two families with children saw a decrease in the value of Yukon's contribution to their incomes because Yukon claws back the supplement to the federal Child Tax Benefit.

The value of the Northwest Territories' contribution to welfare incomes appears to have increased significantly. This is because in the previous edition of this report, Northwest Territories was not able to provide an estimate of its payments for utilities. In fact, welfare incomes in the Territories have not increased, and the Territories claws back the supplement to the federal Child Tax Benefit. Although the Territories began the NWT Child Benefit in July 1998, this increase in its contribution did not entirely offset the decrease caused by the clawback.

The view of welfare incomes over the last decade is bleak. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s.

Many of the welfare rates shown in Table 5 peaked in 1986 or 1989 and fell more or less steadily since then. In Alberta, for example, provincial benefits for single employable recipients as measured in 1999 constant dollars plummeted from \$8,578 a year in 1986 to \$4,824 in 1999, a decline of 43.8 percent. The peak years in Prince Edward Island were 1986 and 1989, followed by cuts year after year ever since.

The patterns were substantially different in Quebec, Ontario, Manitoba and British Columbia. In these provinces, welfare rates peaked in the early to mid-1990s. The end result was the same, however, as welfare rates declined further and further by the end of the decade.

In most cases, it was single employable people on welfare who suffered the most. Between 1986 and 1999, welfare benefits for a single employable person in Newfoundland dropped by a shocking 76.2 percent. A sizeable increase in Quebec resulted from a decision to raise abysmally low rates for single employable people under 30. Even then, a single employable person in Quebec received only \$6,024 a year in 1999.



TABLE 5, 1999 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% CHANGE 1986-1989	% CHANGE 1989-1999	% CHANGE 1998-1999
NEWFOUNDLAND															
Single Employable	4,795	4,628	4,599	4,528	4,753	4,694	4,685	4,586	2,610	1,138	1,143	1,142	-76.2%	-75.3%	-0.1%
Disabled Person		9,322	9,221	8,945	9,142	9,016	9,000	8,809	8,667	8,599	8,551	8,480		-9.0%	-0.8%
Single Parent, One Child	12,022	11,782	11,755	11,889	12,374	12,219	12,197	11,938	11,746	11,667	11,630	11,501	-4.3%	-2.4%	-1.1%
Couple, Two Children	13,907	13,630	13,592	13,159	13,391	13,222	13,197	12,917	12,710	12,744	12,688	12,479	-10.3%	-8.4%	-1.6%
PRINCE EDWARD ISLAND															
Single Employable	8,906	8,622	8,578	8,577	8,699	8,632	7,754	5,973	5,471	5,460	5,406	5,316	-40.3%	-38.3%	-1.7%
Disabled Person		10,034	9,928	9,788	9,905	9,817	9,695	9,326	8,595	8,430	8,348	8,208		-18.2%	-1.7%
Single Parent, One Child	12,277	11,886	11,974	11,882	12,067	11,991	11,761	11,198	10,682	10,241	9,834	9,277	-24.4%	-22.0%	-5.7%
Couple, Two Children	17,990	17,703	17,694	17,801	18,015	17,871	17,526	16,815	15,513	15,560	14,895	13,961	-22.4%	-21.1%	-6.3%
NOVA SCOTIA															
Single Employable	6,546	7,303	6,964	6,624	6,524	6,406	6,394	6,258	6,177	4,548	4,503	4,374	-33.2%	-40.1%	-2.9%
Disabled Person		9,613	9,548	9,411	9,282	9,114	9,253	9,082	8,936	8,799	8,714	8,568		-10.9%	-1.7%
Single Parent, One Child	11,336	11,685	11,594	11,458	11,457	11,249	11,407	11,194	11,014	10,845	10,559	10,152	-10.4%	-13.1%	-3.9%
Couple, Two Children	13,645	14,864	14,196	13,724	13,737	13,532	13,507	13,220	14,187	14,370	13,929	12,795	-6.2%	-13.9%	-8.1%



TABLE 5, 1999 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% CHANGE 1986-1989	% CHANGE 1989-1999	% CHANGE 1998-1999
NEW BRUNSWICK															
Single Employable	3,226	3,493	3,438	3,366	3,368	3,320	3,340	3,282	3,267	3,254	3,222	3,168	-1.8%	-9.3%	-1.7%
Disabled Person		9,151	9,003	8,743	8,752	8,693	6,819	6,792	6,762	6,843	6,810	6,696		-26.8%	-1.7%
Single Parent, One Child	9,690	9,469	9,316	9,111	9,176	9,201	9,578	10,045	9,985	10,106	10,093	9,924	2.4%	4.8%	-1.7%
Couple, Two Children	10,482	10,244	10,064	9,972	10,296	10,321	10,696	11,244	11,172	11,465	11,525	11,332	8.1%	10.6%	-1.7%
QUEBEC															
Single Employable	3,396	4,366	6,191	6,431	6,623	6,640	6,498	6,360	6,258	6,070	5,980	6,024	77.4%	38.0%	0.7%
Disabled Person		7,848	8,136	8,370	8,626	8,619	8,759	8,573	8,624	8,614	8,689	8,712		11.0%	0.3%
Single Parent, One Child	11,428	10,607	11,295	10,339	11,738	12,221	12,485	12,220	12,024	11,391	11,007	10,541	-7.8%	-0.6%	-4.2%
Couple, Two Children	14,770	13,852	13,546	13,948	14,420	14,843	14,646	14,336	14,106	13,386	12,907	12,182	-17.5%	-12.1%	-5.6%
ONTARIO															
Single Employable	7,258	7,807	8,519	8,745	9,046	9,012	9,017	8,371	6,867	6,802	6,736	6,623	-8.7%	-15.2%	-1.7%
Disabled Person		11,272	12,018	12,286	12,489	12,412	12,418	12,154	11,959	11,776	11,661	11,466		1.7%	-1.7%
Single Parent, One Child	12,998	14,011	15,692	16,082	16,373	16,341	16,351	15,165	12,453	12,285	11,858	11,279	-13.2%	-19.5%	-4.9%
Couple, Two Children	16,179	17,681	20,589	20,978	21,433	21,369	21,186	19,527	16,091	15,875	15,207	14,292	-11.7%	-19.2%	-6.0%

TABLE 5, 1999 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	CHANGE 1986-1989	CHANGE 1989-1999	CHANGE 1998-1999
MANITOBA															
Single Employable	7,201	7,476	7,568	7,479	7,631	7,504	6,984	6,846	6,331	5,497	5,443	5,352	-25.7%	-28.4%	-1.7%
Disabled Person		8,129	8,018	7,888	9,697	8,730	8,661	8,477	8,341	8,213	8,133	8,027	-1.3%	-1.3%	-1.3%
Single Parent, One Child	11,125	10,910	10,771	10,594	11,733	10,521	10,436	10,214	10,050	9,896	9,492	8,941	-19.6%	-18.0%	-5.8%
Couple, Two Children	16,855	17,706	19,038	19,050	19,604	17,866	18,177	17,780	15,930	14,616	13,782	12,867	-23.7%	-27.3%	-6.6%
SASKATCHEWAN															
Single Employable	6,028	6,036	5,896	5,722	5,939	6,250	6,238	6,106	6,008	5,414	5,378	5,540	-8.1%	-8.2%	3.0%
Disabled Person		9,837	9,519	9,156	9,072	8,984	8,967	8,777	8,886	7,945	7,943	8,160		-17.0%	2.7%
Single Parent, One Child	12,369	12,329	11,970	11,526	11,394	11,263	11,243	11,004	10,827	10,662	9,445	9,483	-23.3%	-23.1%	0.4%
Couple, Two Children	17,351	17,107	16,600	15,962	16,225	15,996	16,028	15,691	15,440	14,317	13,768	13,752	-20.7%	-19.6%	-0.1%
ALBERTA															
Single Employable	8,578	5,965	5,687	6,187	6,232	5,872	5,120	5,012	4,931	4,884	4,906	4,824	-43.8%	-19.1%	-1.7%
Disabled Person		7,377	7,033	7,409	7,359	7,141	7,113	6,983	6,871	6,795	6,798	6,858		-7.0%	0.9%
Single Parent, One Child	12,560	11,185	10,663	11,194	11,165	10,715	9,955	9,744	9,586	9,518	9,340	9,079	-27.7%	-18.8%	-2.8%
Couple, Two Children	18,674	16,480	15,710	17,326	17,344	16,698	15,673	15,499	15,251	15,089	14,712	13,984	-25.1%	-15.1%	-4.9%

TABLE 5, 1999 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% CHANGE 1986-1989	% CHANGE 1989-1999	% CHANGE 1998-1999
BRITISH COLUMBIA															
Single Employable	6,127	6,727	6,872	6,766	6,970	6,991	7,164	7,035	6,395	6,297	6,235	6,131	0.1%	-8.9%	-1.7%
Disabled Person		9,283	9,595	9,378	9,786	9,849	10,077	9,897	9,738	9,589	9,496	9,337		0.6%	-1.7%
Single Parent, One Child	11,034	12,152	12,271	12,029	12,567	12,607	12,916	12,682	12,478	12,236	11,809	11,231	1.8%	-7.6%	-4.9%
Couple, Two Children	15,071	15,177	15,271	14,924	15,900	15,987	16,470	16,173	15,914	15,567	14,902	13,992	-7.2%	-7.8%	-6.1%
YUKON															
Single Employable	7,280	8,795	8,893	8,750	8,724	8,566	8,550	8,369	8,234	11,241	11,131	10,945	50.3%	24.5%	-1.7%
Disabled Person		9,838	9,888	9,693	9,652	9,477	9,460	9,959	9,799	12,781	12,6575	12,445		26.5%	-1.7%
Single Parent, One Child	13,075	14,536	14,615	14,496	14,489	14,227	14,200	13,899	13,676	16,910	16,437	15,770	20.6%	8.5%	-4.1%
Couple, Two Children	20,032	21,822	21,660	21,667	21,840	21,445	21,405	20,951	20,615	24,355	23,605	22,525	12.4%	3.2%	-4.6%
NORTHWEST TERRITORIES															
Single Employable						12,265	12,242	11,982	11,712	7,394	7,383	8,299			12.4%
Disabled Person						13,892	13,867	13,572	13,589	9,798	9,763	10,639			9.0%
Single Parent, One Child						20,793	20,755	20,314	19,894	17,414	17,216	18,121			5.3%
Couple, Two Children						24,608	24,601	24,079	23,568	22,341	22,362	22,812			2.0%



Most perverse of all the changes in provincial and territorial contributions to welfare incomes is the effect of the federal Child Tax Benefit on the incomes of those families with children that are forced to depend on welfare. When the federal government introduced the Benefit in 1998, it allowed provincial and territorial governments to claw back the supplement by reducing the welfare benefits of families by the value of the supplement. Only Newfoundland and New Brunswick refused to exercise this option.

The charts at the end of this section show the effect of the clawback on the total welfare income of a single-parent family with one child and on a couple with two children. We have calculated welfare incomes over time by adjusting the amounts to the cost of living as we did in Table 5. All the annual welfare incomes are expressed in 1999 dollars.

We have separated the portion of welfare incomes that is paid by the province or territory from the portion that is paid by the federal government. Each chart has a white bar that shows the contribution of the provincial or territorial government. The provincial or territorial contribution is the amount found in Table 5.

The black bar shows the federal government contribution to the welfare incomes of these families on welfare. This amount includes the GST, the federal Child Tax Benefit and its supplement. The federal portion of welfare incomes has grown every year because of increases in the federal government's support to low-income families. As of July 1, 1998, a single-parent family with one child received a supplement of \$605 a year (or \$50.24 a month) and the couple with children received \$785 a year (or \$65.42 a month). As of July 1, 1999, the supplement for the single-parent family increased to \$785 a year (\$65.42 a month) and for the couple with two children, \$1,370 a year (\$114.17 a month). On July 1, 2000, the federal government again increased the supplement, this time to \$955 a year (\$79.58 a month) for the single-parent family, and to \$1,710 a year (\$142.50 a month) for the couple.

Together, the white and the black bars show the total welfare income for the single-parent family with one child and for the couple with two children for the period since the National Council of Welfare began calculating welfare incomes in 1986. What these graphs show is that in those provinces and territories where the governments have clawed back the supplement to the federal Child Tax Benefit, the federal government is providing a larger and larger share of the welfare incomes, but the total welfare incomes of families with children have not improved. With few exceptions, the white bars that show the share of welfare incomes that is paid by the provinces and the territories become smaller as the years go on.

In Newfoundland, the total 1999 annual welfare income of a single-parent family with one child was \$13,924. This was made up of a contribution of \$11,501 from the province and \$2,423 from the federal government. This is a very slight increase over the 1998 total income of \$13,695, and is still well below the 1994 peak of \$14,090. In 1994, the federal government contributed only \$1,874. Even with the increase in the federal government's contribution, various cutbacks and freezes in the provincial contribution throughout the 1990s have brought the total welfare income down from the 1994 rate.



The increasing federal government contribution has brought the total welfare income up slightly, despite the fact that the province is contributing less to the welfare income than it has since the National Council of Welfare began to track welfare incomes.

The couple with two children had a total annual income of \$16,317, up slightly from \$15,464 in 1998. Almost all the increase in the welfare income is because of the increase in the federal government's supplement to the Child Tax Benefit. The Newfoundland and Labrador Child and Family Benefit began in August 1999, but is worth only \$17 a month for a family with one child and \$43 a month for a family with two children. The total 1999 welfare income of \$16,317 is slightly lower than the 1986 total welfare income of \$16,915, but in 1986, the federal government contributed only \$1,504, while in 1999, it contributed \$2,423. As in the case of the single-parent family, Newfoundland's contribution to this family's welfare income is less now than ever before, while the federal government's contribution is more than it has ever been.

New Brunswick is the only other province that does not take away the money the federal government gives families on welfare. The New Brunswick Child Tax Benefit has provided an extra \$21 a month for each child since October 1997. As a result of these two measures, a single-parent family with one child saw modest gains in its total welfare income, from \$12,125 in 1998 to \$12,319 in 1999, and the couple saw its income rise from \$14,731 in 1998 to \$15,170. Because of a combined effort by the province and the federal government, the total welfare income of the single-parent family is now the highest it has been since the National Council of Welfare began to track welfare incomes. Both the federal government and New Brunswick now contribute more to the single-parent family's income than ever before.

Unlike Newfoundland and New Brunswick, which chose not to claw back the supplement to the federal Child Tax Benefit, Prince Edward Island reduced its welfare payments by the amount the federal government gave to parents on welfare. The province also failed to provide increases to welfare that might have helped welfare incomes to keep pace with inflation. As a result, the total welfare income of both a single-parent family with one child and a couple with two children in PEI declined even as the federal government pumped billions of dollars into a system intended for poor families. Their incomes were \$11,875 in 1998 and \$11,670 in 1999, and \$18,102 in 1998 and \$17,799 in 1999 respectively. For both families, this is a drop in total welfare incomes from a peak in the early 1990s.

The same pattern holds for Nova Scotia. The province clawed back the supplement to the federal Child Tax Benefit. Although Nova Scotia used that money to provide a provincial child benefit, it never gave families enough money to keep pace with the cost of living. Total welfare incomes declined very slightly for the single-parent family from \$12,609 in 1998 to \$12,558 in 1999, and for the couple with two children from \$17,135 in 1998 to \$16,633 in 1999. In the case of both types of families with children, the black portion of the bar in the chart is larger than ever, showing how the federal government is now contributing more than ever to family incomes.

For both family types in Quebec, the chart illustrates how total welfare incomes have declined very slightly each year from 1994, despite significant restructuring of Quebec's family benefits. All the while, the federal government's contribution to the family income increased. For the single-parent family, there was a decline from \$12,995 in 1998 to \$12,957 in 1999, and for the couple with two children, a decline from \$16,079 to \$15,000 between 1998 and 1999. Quebec asked the federal government to vary the amount of the Child Tax Benefit, so these numbers are not consistent from 1998 to 1999.

The Ontario charts show the dramatic impact of the provincial government's decision to cut welfare incomes by 21.6% in October 1995. Although the federal portion of welfare incomes began to grow when the federal government introduced the Child Tax Benefit, the impact of the provincial government's draconian welfare cuts overshadows any increases in federal help. Ontario's decision to claw back the supplement to the federal Child Tax Benefit ensures that welfare families do not enjoy any improvement in benefits. The single-parent family received \$13,928 in 1998 and \$13,704 in 1999, and the couple with two children saw its income decline from \$18,414 to \$18,130 between 1998 and 1999. Again, the black part of each bar is larger each year, showing how the federal government's portion of welfare incomes has grown.

The Manitoba charts show how welfare incomes for both family types have declined through the 1990s. The single-parent family's income reached a peak of \$13,567 in 1992, and the income of the couple with two children reached \$22,492 that year. Incomes for both family types have declined steadily since then, though the federal government's contribution to the welfare income is now higher than ever.

Manitoba claws back the supplement to the federal Child Tax Benefit. The absence of increases in welfare payments has allowed the cost of living to erode the value of welfare incomes. For single-parent families, this meant a decline from \$11,523 in 1998 to \$11,328 in 1999. For the couple with two children, incomes dropped from \$16,989 in 1998 to \$16,705 in 1999. Manitoba has announced that as of July 2000, the province would no longer claw back further increases to the supplement of the federal Child Tax Benefit. The impact of this decision will be assessed in future editions of this report.

Saskatchewan claws back the supplement to the federal Child Tax Benefit by reducing the Saskatchewan Child Benefit by the value of the federal supplement. The clawback, combined with the erosion of inflation, has brought the value of welfare income down slightly. However, a change in the way Saskatchewan reported the payment of utilities for families on welfare in 1999 masks the changes in overall welfare income between 1998 and 1999. Because of the change in Saskatchewan's method of reporting welfare incomes for this report, the income of the single-parent rose from \$11,492 in 1998 to \$11,877 in 1999. The income of the two-parent family rose from \$16,974 in 1998 to \$17,590 in 1999.

For both family types in Saskatchewan, welfare incomes have dropped significantly since 1986 when the National Council of Welfare first began to track welfare incomes. In 1986, single-parent families received \$13,873 and two-parent families received \$20,359. This significant decline in total welfare incomes has occurred despite the fact

that the federal government has never given so much money directly to families on welfare.

The charts show how welfare incomes in Alberta have decreased since 1986. At that time, the single-parent family received \$13,952 and the couple with two children received \$21,814. A series of welfare reforms in Alberta caused the total incomes of these families to decline throughout the 1990s until they began to rise in 1998.

Alberta claws back the supplement to the federal Child Tax Benefit. However, the province made several small increases to portions of its welfare payments in 1998 and 1999. These helped the total welfare income of single parents to rise slightly, but did not make up for the cost of taking away the supplement. The shrinking white bars in the chart show how Alberta's contribution to the total welfare income of both families has dwindled each year from 1991 onward. The increase in the black bars shows how the federal government's share has grown. The single parent received a total of \$11,276 in 1998 and \$11,375 in 1999; the couple received a total income of \$18,017 in 1998 and \$17,919 in 1999.

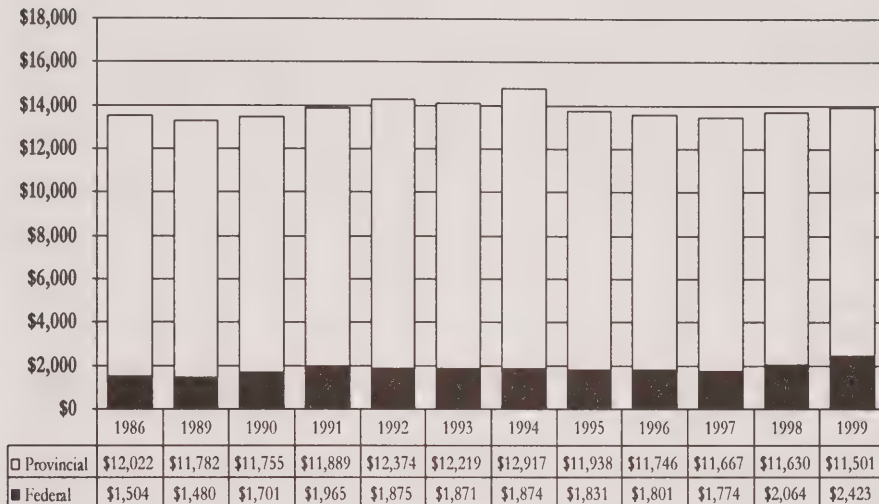
Total welfare incomes for families with children in British Columbia have dropped steadily since 1994. This occurred both because of various small cuts and freezes in the welfare system and because of the clawback of the supplement to the federal Child Tax Benefit. Although the province created its own provincial child benefits package, the new BC Family Benefits have never been high enough to make up for its other welfare policy decisions. While a single-parent family had a welfare income of \$14,795 in 1994, the income dropped to \$13,882 in 1998 and to \$13,661 by 1999. The couple with two children had a welfare income of \$19,338 in 1994, but that income had eroded to only \$18,109 by 1998 and \$17,830 by 1999.

Yukon also claws back the supplement to the federal Child Tax Benefit. The charts show that total welfare incomes jumped between 1996 and 1997, but this was due to a change in the way Yukon reported the cost of utilities, not an actual increase in welfare payments. Since then, the cost of living has eroded the value of the overall welfare income, while the clawback to the federal Child Tax Benefit has increased the proportion of welfare income that is in fact paid by the federal government, not the Territory. The single-parent family had a welfare income of \$18,510 in 1998 and only \$18,201 in 1999. The couple with two children received \$26,811 in 1998, which dropped to \$26,363 by 1999.

Northwest Territories claws back the supplement to the Child Tax Benefit, and the territory made no increases in welfare payments in 1999. However, the Territories changed the way it reported its welfare payments to cover utilities. As a result, the value of total welfare incomes for the single-parent family fell by the cost of living between 1998 and 1999, but due to the change in reporting of utilities the figures indicate a rise from \$19,289 in 1998 to \$20,552 in 1999.



### Newfoundland Welfare Income, Single Parent, One Child (1999 Dollars)



### Newfoundland Welfare Income, Couple, Two Children (1999 Dollars)

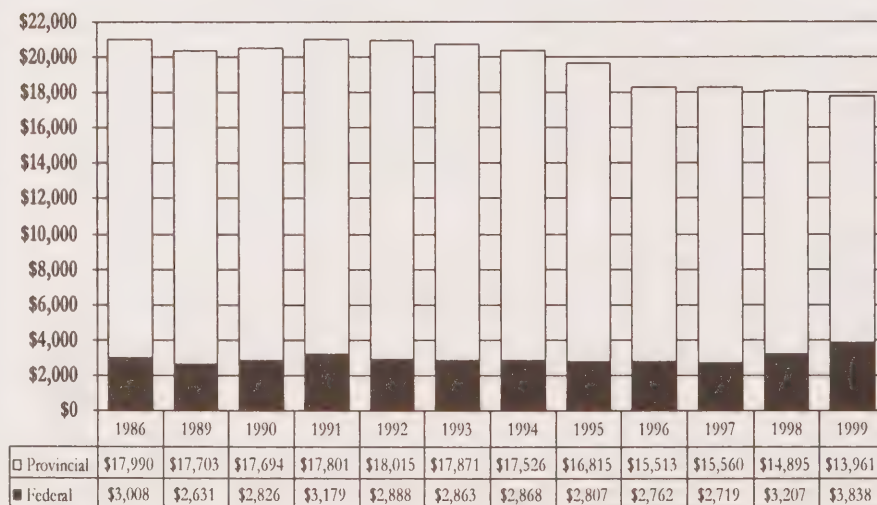




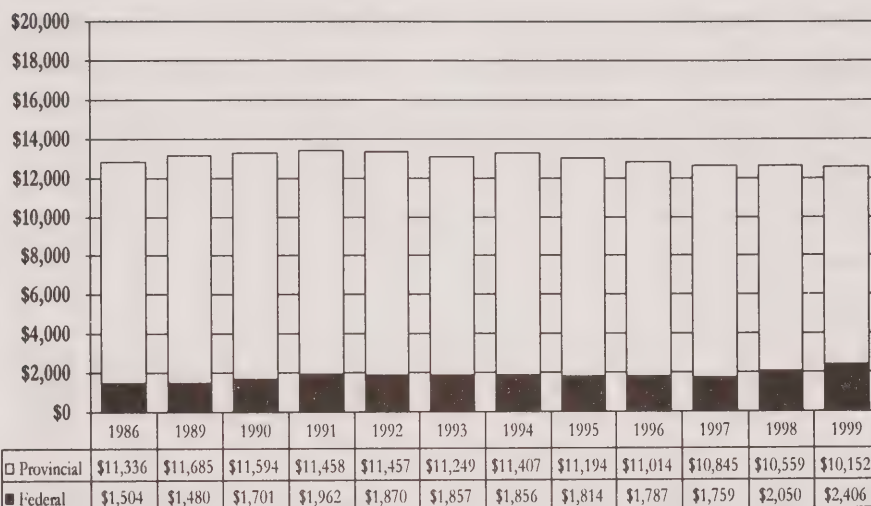
### PEI Welfare Income, Single Parent, One Child (1999 Dollars)



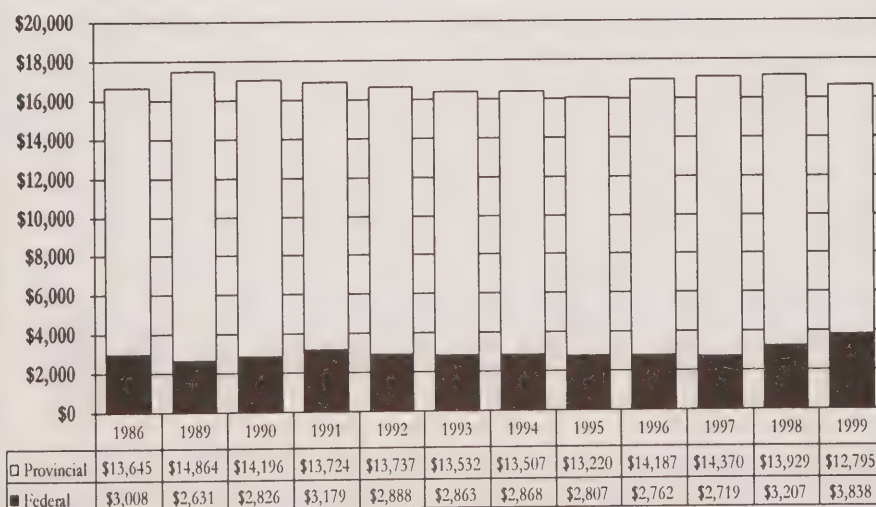
### PEI Welfare Income, Couple, Two Children (1999 Dollars)



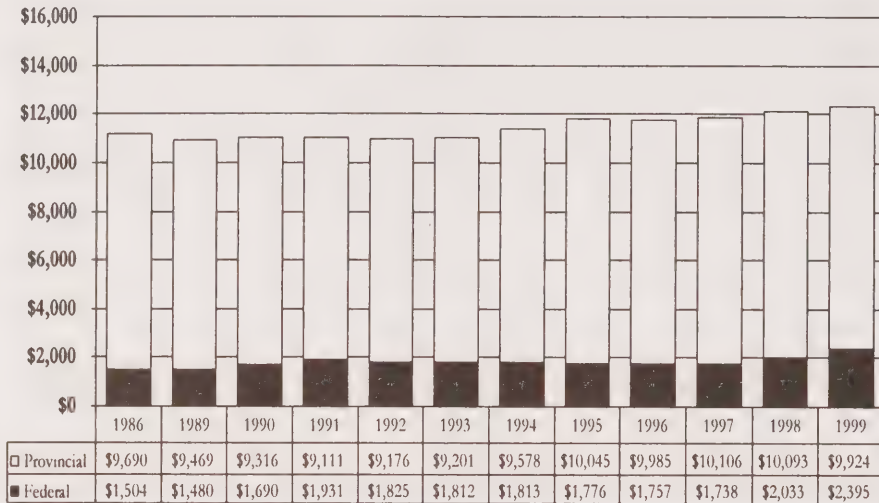
### Nova Scotia Welfare Income, Single Parent, One Child (1999 Dollars)



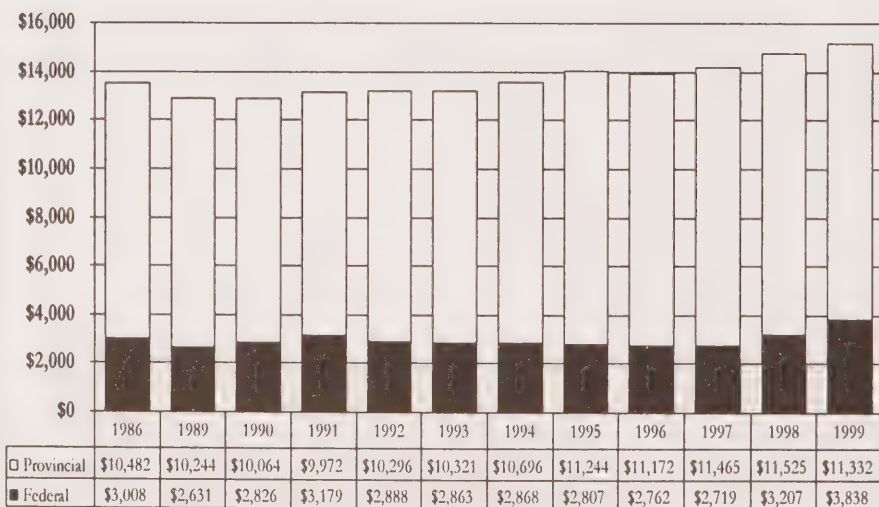
### Nova Scotia Welfare Income, Couple, Two Children (1999 Dollars)



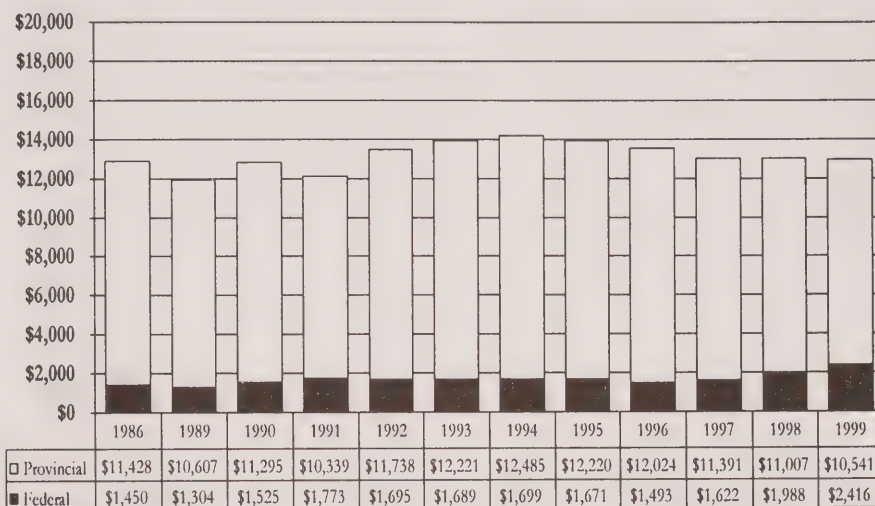
### New Brunswick Welfare Income, Single Parent, One Child (1999 Dollars)



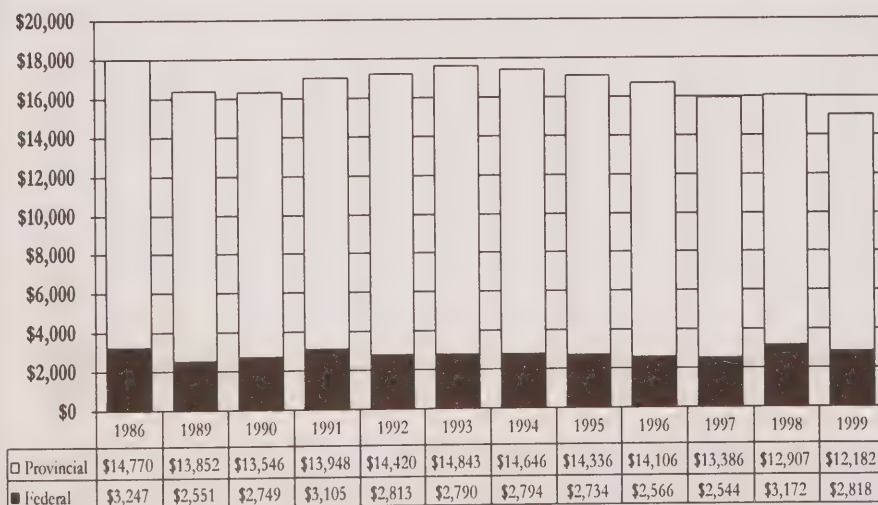
### New Brunswick Welfare Income, Couple, Two Children (1999 Dollars)



### Quebec Welfare Income, Single Parent, One Child (1999 Dollars)

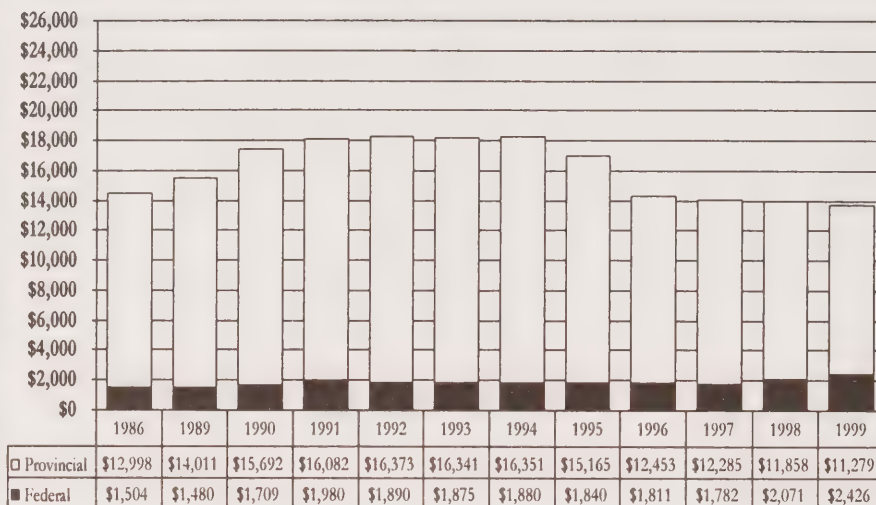


### Quebec Welfare Income, Couple, Two Children (1999 Dollars)

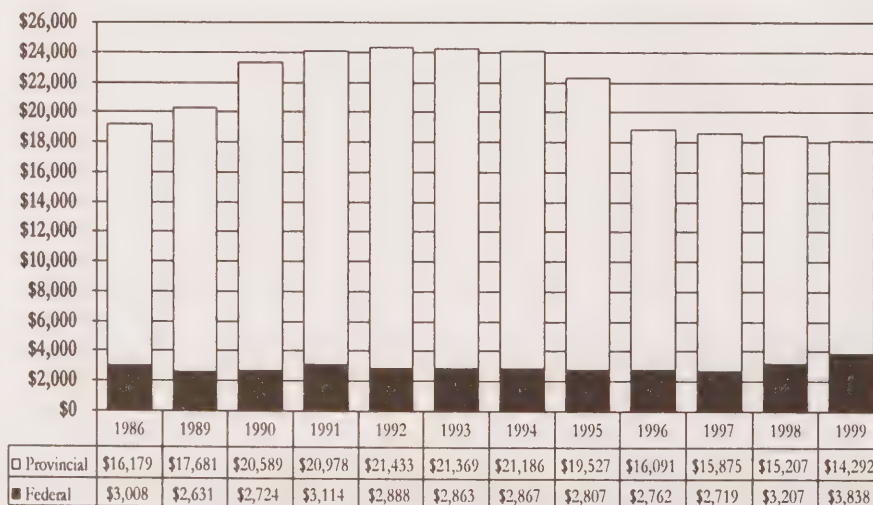




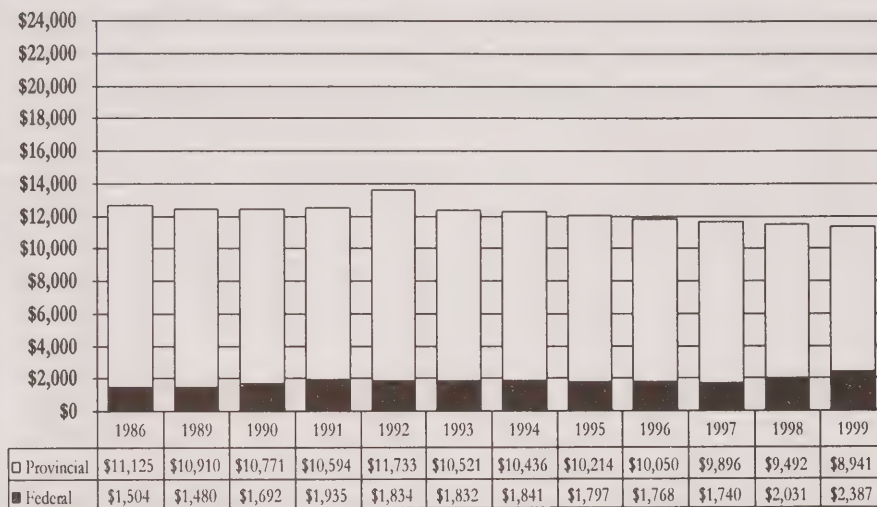
### Ontario Welfare Income, Single Parent, One Child (1999 Dollars)



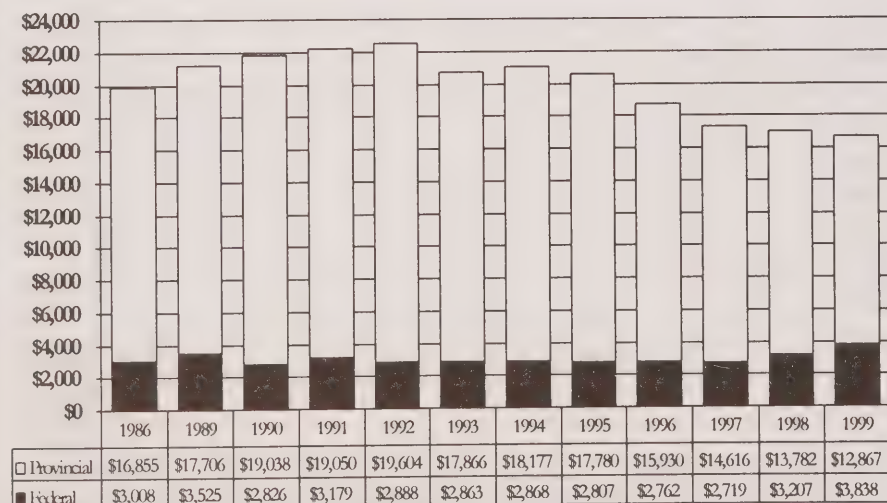
### Ontario Welfare Income, Couple, Two Children (1999 Dollars)



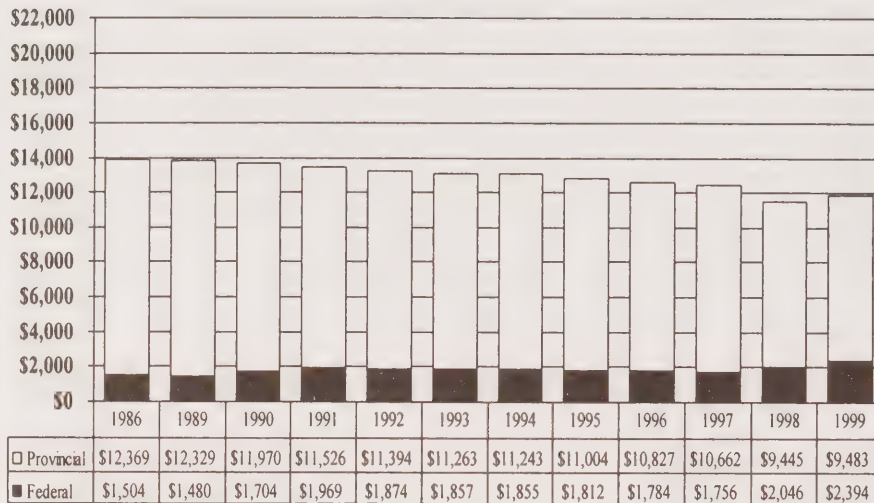
### Manitoba Welfare Income, Single Parent, One Child (1999 Dollars)



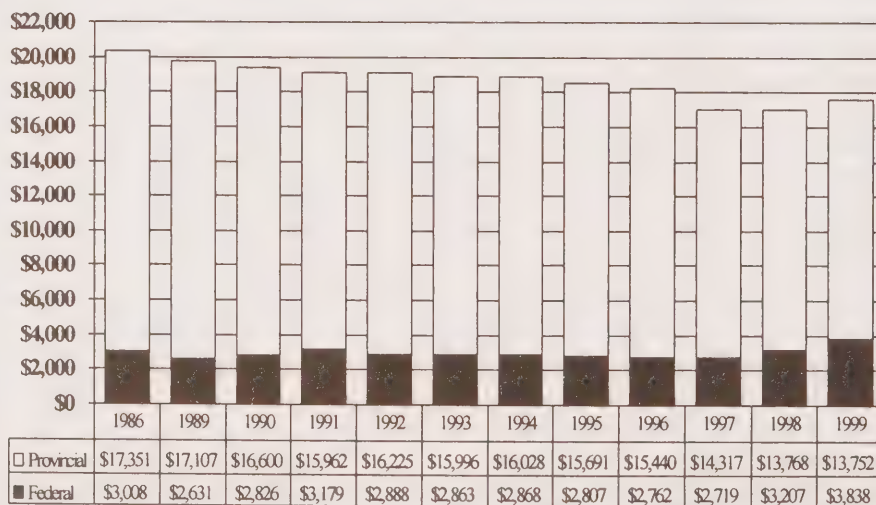
### Manitoba Welfare Income, Couple, Two Children (1999 Dollars)



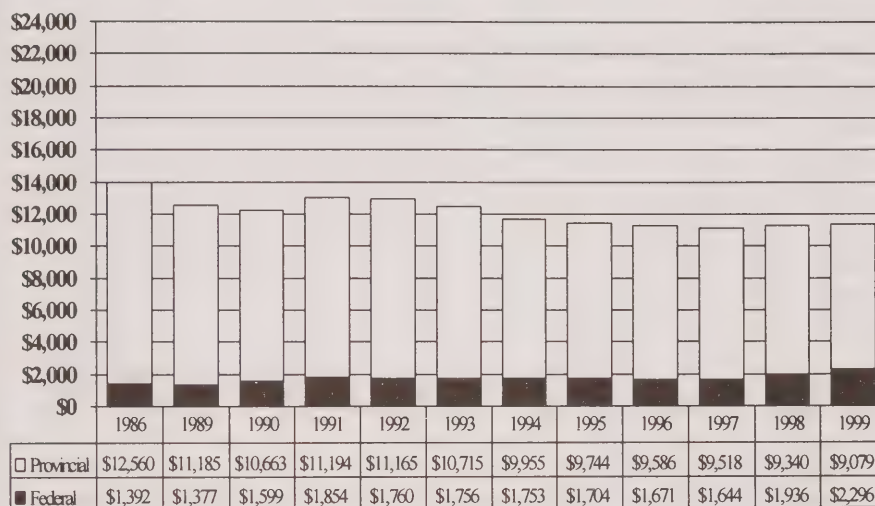
### Saskatchewan Welfare Income, Single Parent, One Child (1999 Dollars)



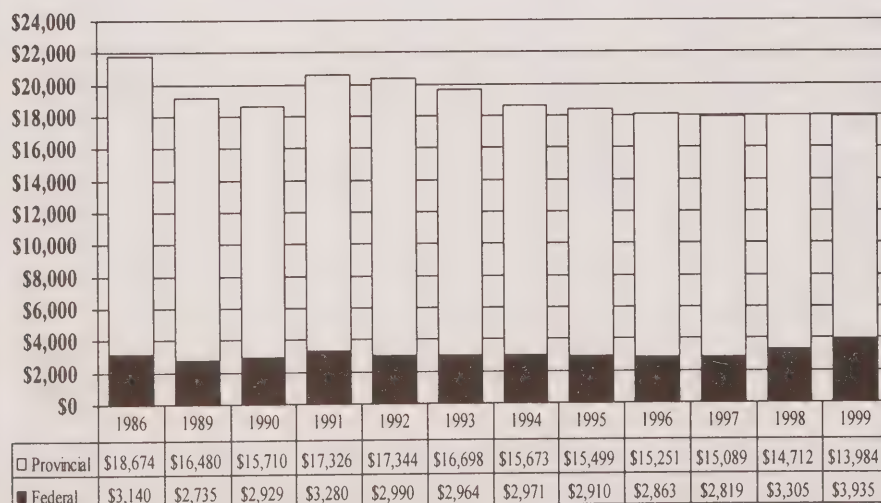
### Saskatchewan Welfare Income, Couple, Two Children (1999 Dollars)



### Alberta Welfare Income, Single Parent, One Child (1999 Dollars)

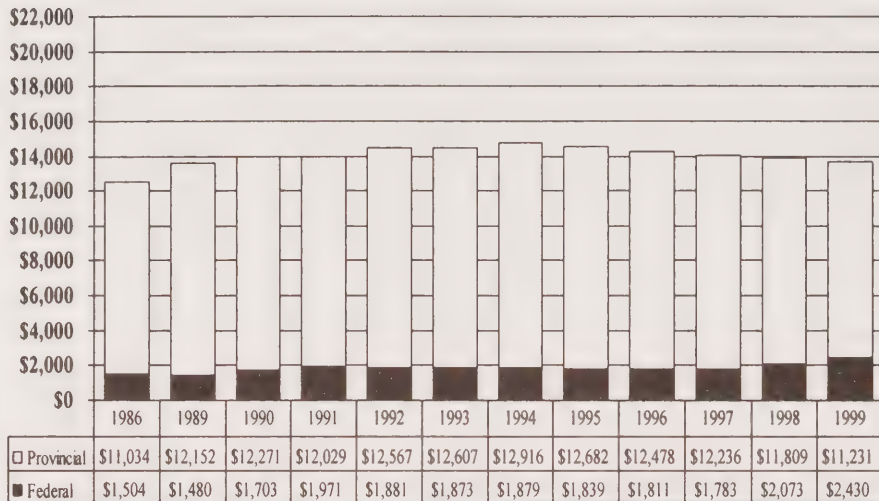


### Alberta Welfare Income, Couple, Two Children (1999 Dollars)

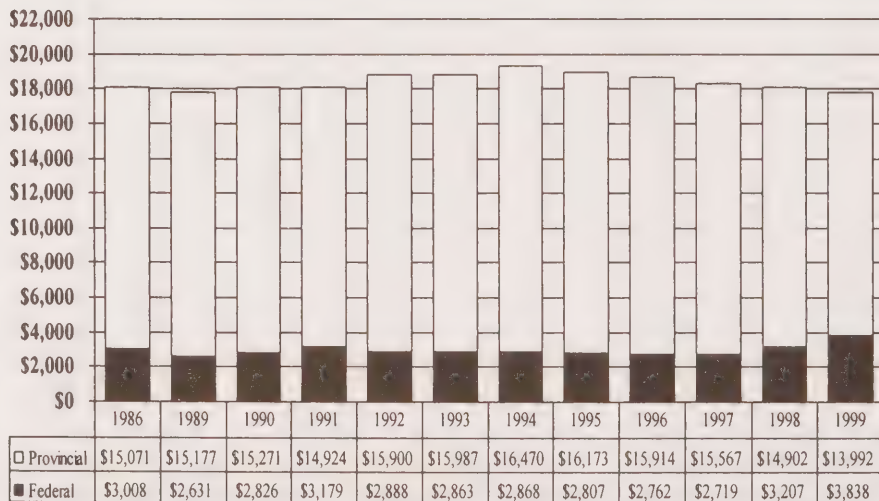




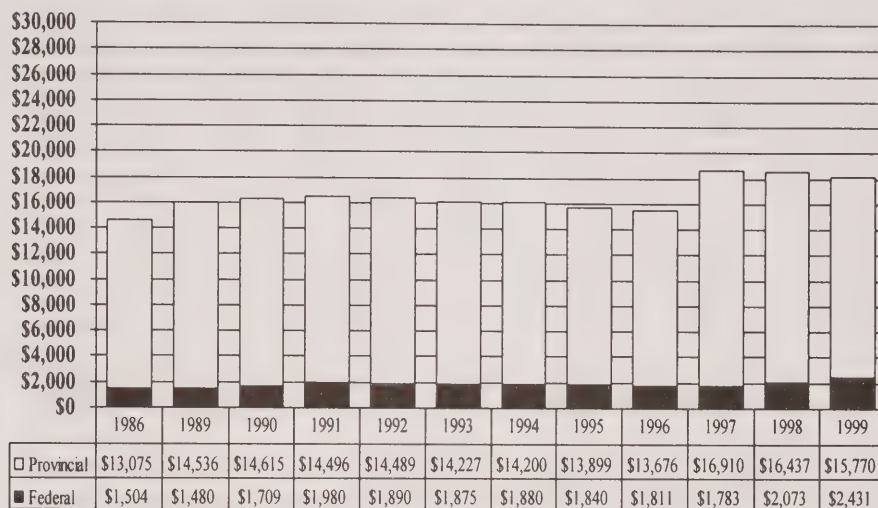
### BC Welfare Income, Single Parent, One Child (1999 Dollars)



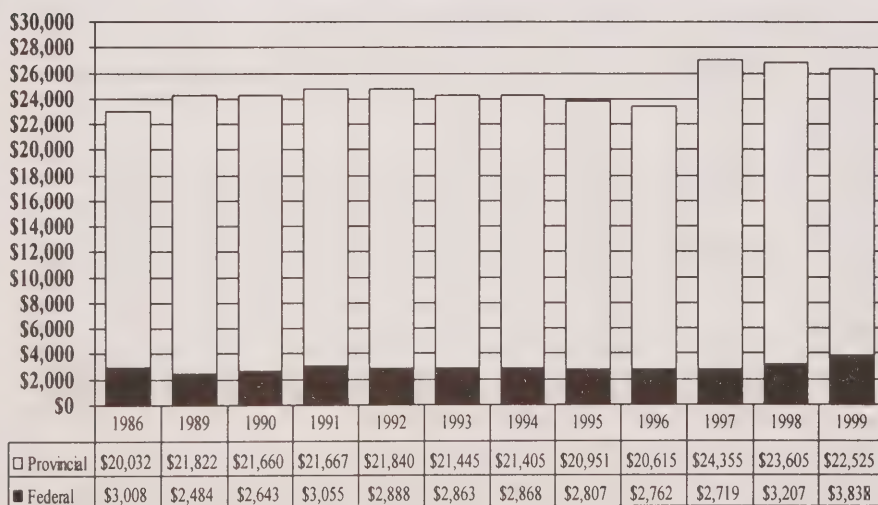
### BC Welfare Income, Couple, Two Children (1999 Dollars)



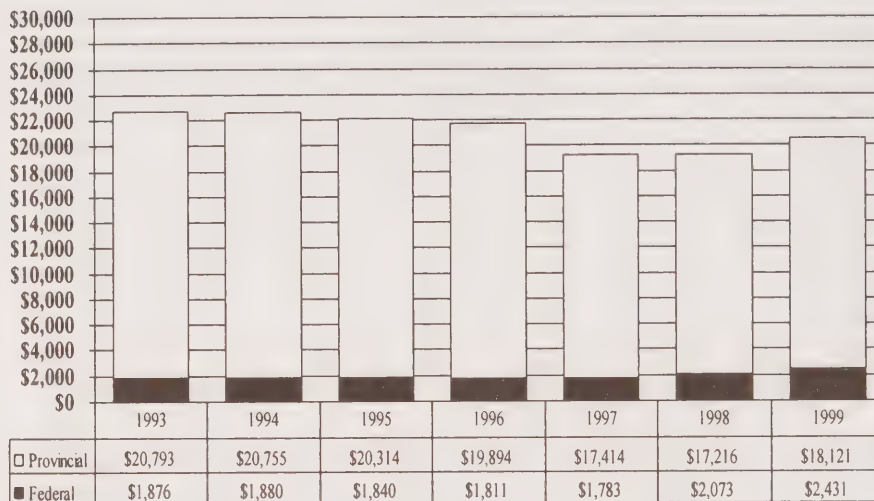
### Yukon Welfare Income, Single Parent, One Child (1999 Dollars)



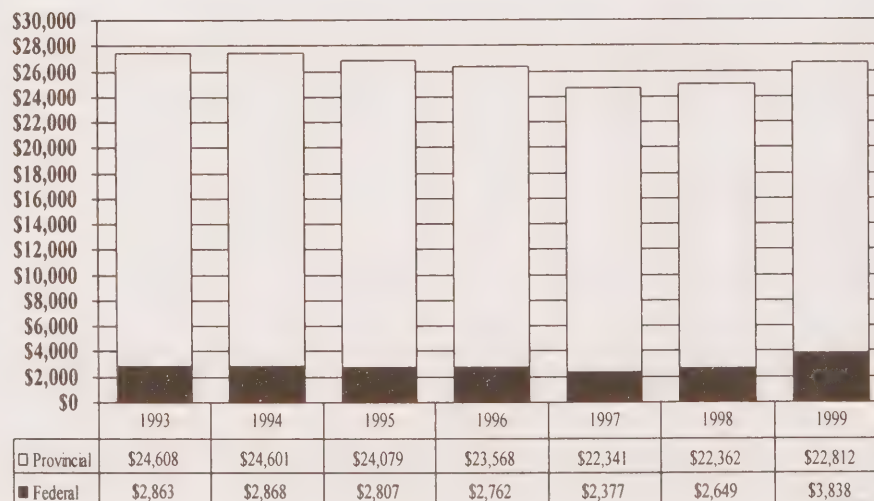
### Yukon Welfare Income, Couple, Two Children (1999 Dollars)



### NWT Welfare Income, Single Parent, One Child (1999 Dollars)



### NWT Welfare Income, Couple, Two Children (1999 Dollars)



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## WELFARE INCOMES AND POVERTY OVER TIME

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In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 1999. We have used the total income of welfare recipients, including assistance from provincial governments, federal and provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

The territories are not included in this table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for disabled people begin in 1989.

The last column shows that between 1998 and 1999, the standard of living for people on welfare did not improve for most cases. In both Newfoundland and New Brunswick, the two families with children saw their welfare incomes come closer to the poverty line. This is because these two provinces have allowed all families with children to keep the supplement to the Canada Child Tax Benefit when all the other provinces and territories took the extra money away from families on welfare.

The single parent in Nova Scotia saw a very slight improvement in benefits.

In Quebec, families with children also made a slight gain on the poverty line.

In Saskatchewan, all cases saw an improvement in benefits, but this is largely due to the change in the way the Saskatchewan government reported utility rates for this report.

In Alberta, the disabled person and the single parent with one child saw slight improvements.

The column showing changes between 1986 and 1999 shows that in only nine cases were there improvements in the welfare rate as it compares to the poverty line. In Newfoundland, the adequacy of welfare incomes for single employable people dropped by a shocking 257.7 percent.

At no point between 1986 and 1999 did any province or territory provide welfare benefits which allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided benefits for single employable people which reached 66 percent of the poverty line, and for couples with children which reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single



parents which reached 80 percent of the poverty line. In all cases, these incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different types of families in need of assistance. The poorest of all welfare recipients in Canada are always single employable people. Newfoundland now has the dubious distinction of providing incomes far below the worst incomes in other provinces and territories.

The adequacy of incomes for people with disabilities has remained relatively stable in comparison to the incomes of other welfare recipients. During recent welfare reforms in the 1990s, provinces and territories frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989, where the incomes for people with disabilities dropped to 60 percent of the poverty line in 1998. The least adequate assistance for disabled people was in Alberta from 1996 onward, where incomes reached only 42 percent of the poverty line. We note that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program.

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. The value of the income received by a single parent with one child was only 49 percent of the poverty line in Alberta in 1997.

The lowest welfare income in Canada for a couple with two children on welfare was 44 percent of the poverty line for families in New Brunswick in 1989 and 1990. The highest income for families on welfare was 78 percent of the poverty line in Prince Edward Island in 1989.

TABLE 6, 1999 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% CHANGE 1986-1999	% CHANGE 1989-1999	% CHANGE 1998-1999
<b>NEWFOUNDLAND</b>															
Single Employable	33%	32%	32%	33%	34%	33%	33%	33%	19%	9%	9%	9%	-257.7%	-251.4%	-0.4%
Disabled Person		64%	63%	63%	64%	63%	63%	62%	61%	60%	60%	59%	-8.1		-0.9%
Single Parent, 1 Child	68%	66%	67%	69%	71%	71%	70%	69%	68%	67%	69%	70%	2.8%	5.4%	1.6%
Couple, 2 Children	58%	56%	56%	56%	56%	55%	55%	54%	53%	53%	54%	56%	3.7%	-0.3%	2.5%
<b>PRINCE EDWARD ISLAND</b>															
Single Employable	62%	66%	60%	62%	62%	62%	56%	43%	40%	39%	39%	38%	-61.5%	-72.2%	-1.8%
Disabled Person		77%	70%	70%	71%	70%	69%	67%	67%	60%	60%	59%	-31.2%		-1.9%
Single Parent, 1 Child	71%	75%	69%	71%	71%	71%	70%	67%	64%	62%	61%	60%	-18.1%	-25.3%	-1.8%
Couple, 2 Children	74%	78%	71%	73%	73%	73%	71%	69%	64%	64%	63%	62%	-18.0%	-25.1	-1.8%
<b>NOVA SCOTIA</b>															
Single Employable	44%	50%	48%	47%	46%	45%	45%	44%	43%	32%	32%	31%	-43.2%	-61.0%	-3.0%
Disabled Person		66%	66%	66%	65%	64%	65%	63%	62%	61%	61%	60%	-10.3%		-1.8%
Single Parent, 1 Child	64%	66%	66%	67%	67%	66%	67%	65%	64%	63%	63%	63%	-2.3%	-4.9%	0.5%
Couple, 2 Children	57%	60%	58%	58%	57%	56%	56%	55%	58%	59%	59%	57%	-0.1%	-5.4%	-3.6%
<b>NEW BRUNSWICK</b>															
Single Employable	22%	24%	24%	25%	24%	24%	24%	24%	24%	23%	23%	23%	4.2%	-5.0%	-1.8%
Disabled Person		63%	62%	62%	61%	61%	61%	48%	47%	48%	48%	47%	-34.5%		-1.8%
Single Parent, 1 Child	56%	55%	55%	55%	55%	55%	57%	59%	59%	59%	61%	62%	9.1%	10.9%	1.5%
Couple, 2 Children	46%	44%	44%	45%	45%	45%	46%	48%	48%	49%	50%	52%	11.1%	15.3%	2.8%
<b>QUEBEC</b>															
Single Employable	20%	31%	48%	41%	41%	41%	40%	39%	39%	37%	37%	37%	45.4%	16.5%	0.6%
Disabled Person		47%	49%	53%	53%	53%	54%	53%	53%	53%	53%	53%	12.0%		0.2%
Single Parent, 1 Child	57%	54%	58%	54%	59%	60%	62%	61%	60%	57%	57%	57%	0.6%	5.3%	-0.4%
Couple, 2 Children	54%	54%	59%	52%	52%	53%	52%	51%	51%	48%	48%	45%	-20.1%	-19.7%	-7.3%

TABLE 6, 1999 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% CHANGE 1986-1999	% CHANGE 1989-1999	% CHANGE 1998-1999
<b>ONTARIO</b>															
Single Employable	43%	47%	52%	54%	55%	55%	55%	51%	42%	42%	41%	41%	-6.4%	-15.5	-1.8%
Disabled Person		68%	72%	75%	76%	76%	76%	74%	73%	72%	71%	70%		3.0%	-1.8%
Single Parent, 1 Child	64%	68%	76%	79%	80%	80%	80%	75%	63%	62%	61%	60%	-5.8%	-12.8%	-1.7%
Couple, 2 Children	58%	61%	70%	72%	73%	73%	72%	67%	57%	56%	55%	55%	-5.9%	-11.9%	-1.7%
<b>MANITOBA</b>															
Single Employable	43%	40%	46%	46%	47%	47%	44%	42%	39%	34%	34%	33%	-29.7%	-20.8%	-1.8%
Disabled Person		43%	49%	49%	59%	53%	53%	52%	51%	50%	50%	49%		12.7%	-1.4%
Single Parent, 1 Child	56%	50%	54%	55%	60%	54%	54%	53%	52%	51%	51%	50%	-11.5%	-0.3%	-1.8%
Couple, 2 Children	60%	60%	65%	67%	68%	63%	64%	62%	56%	52%	51%	50%	-18.9%	-19.5%	-1.8%
<b>SASKATCHEWAN</b>															
Single Employable	41%	42%	41%	41%	42%	44%	44%	43%	42%	38%	38%	39%	-5.1%	-7.8%	2.7%
Disabled Person		67%	65%	65%	63%	63%	63%	61%	62%	56%	56%	57%		-17.7%	2.4%
Single Parent, 1 Child	70%	69%	68%	68%	66%	66%	66%	64%	63%	62%	58%	59%	-16.8%	-16.0%	3.2%
Couple, 2 Children	70%	68%	66%	65%	65%	65%	65%	63%	62%	58%	58%	60%	-15.8%	-12.9%	3.4%
<b>ALBERTA</b>															
Single Employable	51%	36%	35%	39%	38%	36%	32%	31%	31%	30%	30%	30%	-70.8%	-20.2%	-1.4%
Disabled Person		44%	43%	60%	45%	44%	44%	43%	42%	42%	42%	42%		-4.5%	0.7%
Single Parent, 1 Child	61%	55%	53%	57%	57%	54%	52%	50%	50%	49%	50%	50%	-22.7%	-9.9%	0.8%
Couple, 2 Children	66%	58%	56%	62%	61%	59%	56%	55%	55%	54%	54%	54%	-21.8%	-7.7%	-0.6%
<b>BRITISH COLUMBIA</b>															
Single Employable	37%	41%	42%	40%	43%	43%	44%	43%	39%	39%	38%	38%	3.2%	-8.6%	-1.8%
Disabled Person		56%	58%	58%	60%	60%	61%	61%	60%	59%	58%	57%		2.1%	-1.8%
Single Parent, 1 Child	55%	60%	61%	62%	64%	64%	65%	64%	63%	62%	61%	60%	8.2%	0.2%	-1.7%
Couple, 2 Children	54%	53%	54%	54%	56%	57%	57%	57%	56%	55%	54%	54%	-1.4%	1.1%	-1.7%



As the graphs on the next page illustrate, there is wide variation in the adequacy of welfare incomes even within regions. Among the five eastern provinces, the most consistently low welfare incomes for single employable people were once the New Brunswick welfare payments. Single employable people on welfare in New Brunswick received grossly inadequate assistance ranging from a low of 22 percent of the poverty line in 1986 to 25 percent of the poverty line in 1991. In 1996, the Newfoundland government imposed a severe cut to the welfare rates of single employable people, bringing those incomes down to only nine percent of the poverty line.

The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 1999, welfare incomes in PEI had deteriorated to 38 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 37 percent for 1997, 1998 and 1999. Nova Scotia's incomes dropped to only 31 percent of the poverty line by 1999.

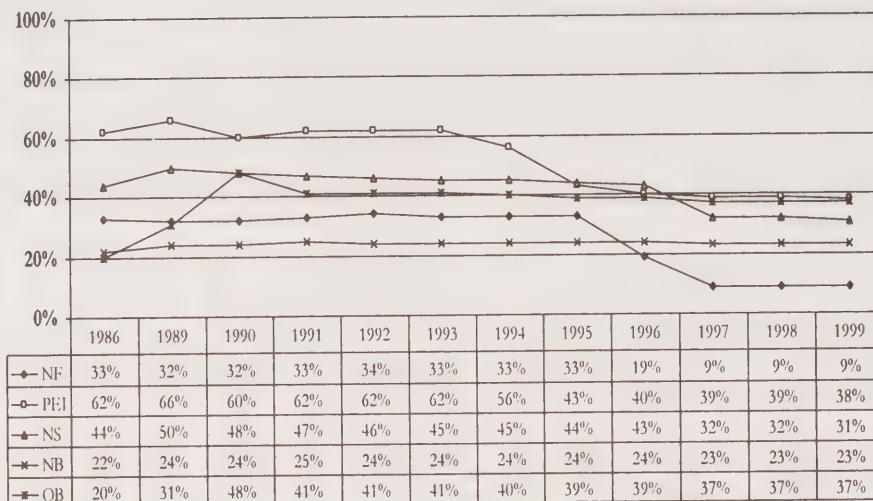
Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 33 percent in 1999. Saskatchewan's incomes rose and fell slowly throughout the period. British Columbia incomes remained more constant but low.

In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 1998 and 1999, Ontario's support for single employable people had dropped to 41 percent of the poverty line. In Alberta, incomes dropped from a high of 51 percent in 1986 to 30 percent from 1997 on.

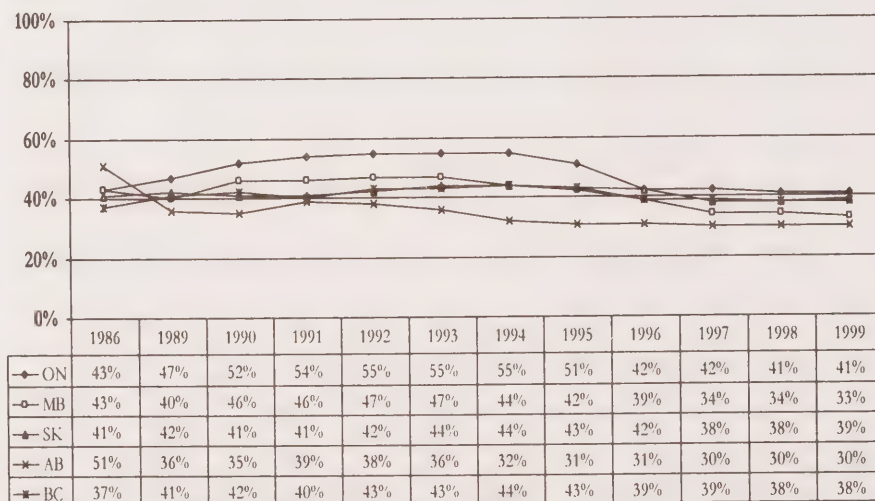
Welfare incomes in all the provinces are grossly inadequate. Yet instead of improving the living standards of people on welfare, the provinces have imposed freezes and cuts to welfare rates. The National Council of Welfare is extremely concerned about this trend. Incomes which provide adequate standards of living covering the cost of the necessities of life must be a goal of welfare programs.



## Welfare Incomes Over Time As % of Poverty Line Single Employable People



## Welfare Incomes Over Time As % of Poverty Line Single Employable People



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## EARNINGS EXEMPTIONS

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The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have earnings. Each province and territory allows welfare recipients to retain a certain amount (a flat-rate sum, a percentage of earnings or a combination of both) without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 7 shows the allowable earnings exemptions for January 1999 in each province and territory. The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including childcare expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. It is disheartening to note that Canada's two largest provinces have opted for higher earnings exemptions instead of increases in welfare benefit levels.

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold based on the recipient household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the benefit level payable to the household. In April 1997, Quebec increased its earnings exemptions while reducing payments under the Property Tax Refund program. Employable people, including single parents with children of school age, have to find work to get the same total income. Finding a decent job is hard enough today with the high unemployment in Quebec. But for people on welfare, there is the added barrier of insufficient training and, despite the efforts of the Quebec government, a shortage of quality affordable child care continues to pose an obstacle for parents.

As of April 1996, Yukon granted an additional earnings exemption to people who had been on assistance for three months. Recipients are now permitted 25 percent of net earnings exceeding the flat-rate exemptions.

The National Council of Welfare feels that it is fair to require some effort on the recipient's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. But we also feel that welfare rates should be based on the cost of a reasonable basket of goods and that recipient households should receive the full amount. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits is not.

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1999

	UNEMPLOYABLE	EMPLOYABLE
NEWFOUNDLAND <sup>1</sup>	<p>Adults on social assistance for reasons other than unemployment (excluding disability): \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>Disabled adults: up to \$95 a month</p> <p>Families of two or more (no disabled members): \$150</p> <p>Families with disabled member(s): up to \$190 a month</p>	<p>Unemployed adults: 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>Families of two or more (no disabled members): \$150</p>
PRINCE EDWARD ISLAND <sup>2</sup>	<p>\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households</p>	
NOVA SCOTIA <sup>3</sup>	<p>Single persons: \$100 + 25% of gross earnings or vocational training allowances</p> <p>Families: \$200 + 25% of gross earnings or vocational training allowances</p> <p>Single people with disabilities who are in an approved education program: \$275 + 25% of monthly training allowances</p>	<p>Single person: \$50 (net wages)</p> <p>Families: \$100 (net wages)<sup>4</sup></p>



TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1999

	UNEMPLOYABLE	EMPLOYABLE
NEW BRUNSWICK	<p>Single person: \$150</p> <p>Families: \$200</p>	<p>Single person: \$150</p> <p>Families: \$200</p> <p>If welfare officials decide a recipient has high employment potential, exemptions are increased. For a single person: an additional monthly amount of \$250 for two months. For a family: an additional \$200 a month for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p>
		<p>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the employment seems likely to lead to self-sufficiency (that is, is not temporary or seasonal). The Extended Wage Exemption lasts for twelve months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Single people and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month.</p> <p>Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.</p>
QUEBEC	<p>Single person or family: \$100</p>	<p>Single person: \$200</p> <p>Single parent: \$200</p> <p>Two-parent family: \$300</p>

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1999

	UNEMPLOYABLE	EMPLOYABLE
ONTARIO <sup>5</sup>	<p>Single person: first \$143 + 25% of remainder of earnings</p> <p>Single parent, one child: first \$275 + 25% of remainder of earnings and child care</p> <p>Couple, two children: first \$346 + 25% of remainder of earnings and child care</p>	
MANITOBA	<p>The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings.</p> <p>Newly-enrolled applicants and self-employed persons: \$50 a month up to \$600 a year</p>	<p>Single persons, childless couple and two-parent families with children: \$100 for each earner + 25% of net earnings</p> <p>Single parent: \$115 + 25% of net earnings</p>
SASKATCHEWAN <sup>6</sup>	<p>Single disabled person: first \$100 of monthly earned income + 20% of excess (maximum exemption \$175)</p> <p>Two-adult family, no children: first \$125 of monthly earned income + 20% of excess (maximum exemption \$250)</p> <p>Family with children in which the adult is disabled: \$250 monthly. Earnings over \$250 monthly are eligible for the Saskatchewan Employment Supplement.</p>	<p>Single person: first \$25 of monthly earned income + 20% of excess (maximum exemption \$100)</p> <p>Two-adult family, no children: first \$50 of monthly earned income + 20% of excess (maximum exemption of \$175)</p> <p>Family with children: \$125 monthly.</p> <p>Earnings over \$125 monthly are eligible for the Saskatchewan Employment Supplement.</p>
ALBERTA	Adults in family: \$115 plus 25% of net income earned by all adults. First \$350 of earnings of each child in the family plus 25% of income over \$350 earned by the children. <sup>7</sup>	

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1999

	UNEMPLOYABLE	EMPLOYABLE
BRITISH COLUMBIA	<p>Disability Benefits Level 1 (temporarily unemployable): no earnings exemption.</p> <p>Disability Benefits Level 2 (permanently unemployable): \$200 plus 25% of remaining amount. No time limit for earnings exemptions.</p>	<p>25% of any income earned after recipient has been on welfare for three months. The exemption is available for only twelve months during a 36-month period. The twelve months need not be consecutive.</p>
YUKON	<p>For first three months on welfare, \$50 for a single person, \$100 for a family. In fourth month, an additional exemption of 25% of further income.</p> <p>No exemption on net income from full-time employment (more than 20 hours a week).</p> <p>Earnings exemption on part-time employment is the greater of 50% of net earnings (not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependants) or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.</p> <p>People considered to be permanently excluded: \$25 for a single person, \$50 for a married couple from sale of handicrafts or hobby materials.</p> <p>After three months on welfare, Yukon grants an additional exemption of 25% of net earnings exceeding the flat rate exemptions.</p>	
NORTHWEST TERRITORIES <sup>8</sup>	<p>\$150 (no dependants)</p> <p>\$300 (dependants)</p>	
NUNAVUT	<p>\$150 (no dependants)</p> <p>\$300 (dependants)</p>	

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<sup>1</sup> As of October 1998, Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$325 a month for one child and a further \$125 a child for other children if necessary for employment. The same exemptions apply to applicants for welfare. Newfoundland revised its earnings exemptions for families in June 1998. Revisions to the exemptions for single adults began in June 1999 and will be reflected in later versions of this report.

<sup>2</sup> The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries must travel to and from work.

<sup>3</sup> There is a total exemption of earned income for the first month of full-time employment for unemployable recipients on provincial welfare (the disabled person and the single parent). Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.

<sup>4</sup> These are the earnings exemptions for the Halifax Regional Municipality (called the City of Halifax until April 1996). In April 1998, the provincial government took over the administration of all welfare in Nova Scotia.

<sup>5</sup> Ontario changed its earnings exemption policies in 1995. Further changes effective October 1999 will be reflected in future versions of this report.

<sup>6</sup> Earnings exemption levels vary by family size. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the 'disabled' or 'not fully employable' categories are entitled to the earnings exemption from the time they receive income from employment. The Saskatchewan Employment Supplement is a monthly payment for parents on welfare who work for pay or receive maintenance payments. The Supplement is paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$315 extra a month for a family with five or more children.

<sup>7</sup> Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$200 a month plus 25 percent of additional earnings, and families have an exemption of \$775 monthly.

<sup>8</sup> Northwest Territories changed its earnings exemptions in 1997.



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## CONCLUSION

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The National Council of Welfare has tracked welfare rates since 1986. In all those years, we have had very little opportunity to announce any good news. From the beginning, the Council was concerned about how low welfare incomes were. Welfare incomes have never reached the poverty line for any family type at any time anywhere in Canada.

But the news got worse. In 1990, the federal government opened the door with its infamous “cap on CAP,” cutting the federal transfer program that supported the welfare system in Ontario, Alberta and British Columbia. In the early 1990s, the economic recession opened the door a little further. The federal, provincial and territorial governments took the opportunity to make wholesale cuts to the welfare system. By the mid-1990s, several provincial and territorial governments embarked on a series of welfare reforms that made the system more demeaning for even less support. Despite increasing awareness of the importance of early child development and the damaging effects of child poverty, families with children on welfare were not spared when governments cut social programs.

The one ray of hope was the federal government’s investment in the Child Tax Benefit. The Council was encouraged to see that the federal, provincial and territorial governments identified income support for poor families with children as one of its priorities when it issued its Report to Premiers of the Ministerial Council on Social Policy Reform and Renewal in March 1996. We were encouraged to learn that the two levels of government were prepared to put aside their differences and create a new system for improving the situation of families with children.

We were very pleased to learn that the federal government’s investment in this new program would be substantial. When the new Child Tax Benefit was announced in 1997, the federal government committed \$850 million a year. The 1998 budget announced a further \$425 million a year beginning in July 1999 and another \$425 million beginning in July 2000. As of July 2000, the total commitment by the federal government is worth \$1.7 billion a year.

After years of cuts to social programs, the Child Tax Benefit represented a major effort to improve the conditions of poor families with children. Unfortunately, the new arrangement came with a condition that allowed the federal government’s support to bypass the families that needed the money the most: those families with children that were forced to rely on welfare. What the federal government gave, the provinces and territories could take away.

When the Child Tax Benefit was negotiated with the provinces and territories, the federal government allowed the provincial and territorial government to take part of the money away from those low-income families that rely on welfare. The money the provincial and territorial governments claw back must be reinvested in programming related to children, but the criteria for these reinvestment programs is loose. Programs that are funded by the money that is clawed back from families on welfare do not necessarily reach families on welfare. Another condition was that those families whose welfare income was clawed back by the amount of the supplement to the Child Tax Benefit were supposed to be no worse off.

Only Newfoundland and New Brunswick decided not to exercise the option of taking money away from families on welfare. Manitoba announced that it would no longer take away increases in the supplement to the Child Tax Benefit as of July 2000.

This year's edition confirmed our fears about the clawback. Welfare incomes for families with children have declined across the country – except in the two provinces that chose not to claw back the supplement to the Child Tax Benefit. In all cases, the federal government is now paying a greater share of welfare incomes than ever before, but welfare incomes remain far, far below the poverty line. While the federal government poured money into efforts to reduce child poverty, the provinces and territories were allowed to syphon it off.

Not only did the money bypass the families that needed it the most, the value of welfare incomes for families declined. No provincial or territorial government that cuts its welfare costs by letting the federal government pick up more of the tab was going to raise welfare rates for families with children. Inflation eroded the value of welfare incomes and families ended up worse off than before.

The Council has seen no convincing evidence that taking money away from the poorest of poor families provides will motivate parents to enter the workforce. What we know helps parents to provide for their children are a series of family supports such as job training, better minimum wages, and labour policies that help parents to balance their responsibilities to their children with their responsibilities to their jobs. Good, integrated family policy must also include early child development programs that provide the best possible early education for children while providing the dependable, affordable child care that allows parents to participate in job training and to take jobs.

The National Council of Welfare has expressed its deep concern about the clawback on many occasions. In our opinion, any program that is intended to support poor families, but bypasses the poorest families has missed the boat. Until the federal government puts a stop to the clawback, the value of the federal government's enormous investment in this important source of family support is badly compromised. The National Council of Welfare still has hope that the National Children's Agenda can plug this leak.

When the federal budget was announced in February 2000, we were disappointed that the federal government chose to defer action on the Children's Agenda until the end of this year. When the Children's Agenda is finally announced – and we hope that this will be soon – the National Council of Welfare will be looking to see that supports go to the families who need help the most, those families with children who are so poor that they are forced to depend on welfare. Ending the clawback to the Child Tax Benefit should be among the first items of business in any serious effort to provide family supports.

TABLE 8, ESTIMATED NUMBER OF PEOPLE ON WELFARE								
	MARCH 31, 1993	MARCH 31, 1994	MARCH 31, 1995	MARCH 31, 1996	MARCH 31, 1997	MARCH 31, 1998	MARCH 31, 1999	% CHANGE 1998-1999
NEWFOUNDLAND	68,100	67,400	71,300	72,000	71,900	64,600	59,900	-7.8%
PRINCE EDWARD ISLAND	12,600	13,100	12,400	11,700	11,100	10,900	9,800	-11.2%
NOVA SCOTIA	98,700	104,100	104,000	103,100	93,700	85,500	80,900	-5.7%
NEW BRUNSWICK	78,100	73,500	67,400	67,100	70,600	67,100	61,800	-8.6%
QUEBEC	741,400	787,200	802,200	813,200	793,300	725,700	661,300	-9.7%
ONTARIO	1,287,000	1,379,300	1,344,600	1,214,600	1,149,600	1,091,300	910,100	-19.9%
MANITOBA	88,000	89,300	85,200	85,800	79,100	72,700	68,700	-5.8%
SASKATCHEWAN	68,200	81,000	82,200	80,600	79,700	72,500	66,500	-9.0%
ALBERTA	196,000	138,500	113,200	105,600	89,800	77,000	71,900	-7.1%
BRITISH COLUMBIA	323,300	353,500	374,300	369,900	321,300	297,400	275,200	-8.1%
YUKON	2,500	2,400	2,100	1,700	2,000	2,100	1,700	-23.5%
NORTHWEST TERRITORIES	11,100	11,000	12,000	11,800	12,800	10,700	11,300	5.3%
<b>CANADA</b>	<b>2,975,000</b>	<b>3,100,300</b>	<b>3,070,900</b>	<b>2,937,100</b>	<b>2,774,900</b>	<b>2,577,500</b>	<b>2,279,100</b>	<b>-13.1%</b>

Source: Social Program Information and Analysis Division, Social Policy Directorate, Human Resources Development Canada



TABLE 9, POVERTY LINE, 1999 ESTIMATE					
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1999					
FAMILY SIZE	COMMUNITY SIZE				
	CITIES OF 500,000+	100,000- 499,999	30,000- 99,999	LESS THAN 30,000	RURAL AREAS
1	16,766	14,727	14,386	13,115	11,414
2	22,726	19,963	19,501	17,775	15,474
3	28,888	25,375	24,787	22,595	19,666
4	33,262	29,211	28,539	26,017	22,642
5	36,339	31,918	31,180	28,424	24,741
6	39,446	34,643	33,845	30,852	26,855
7+	42,426	37,265	36,404	33,186	28,884

Based on inflation of 1.7%.

TABLE 10, POVERTY LINE, 2000 ESTIMATE					
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 2000					
FAMILY SIZE	COMMUNITY SIZE				
	CITIES OF 500,000+	100,000- 499,999	30,000- 99,999	LESS THAN 30,000	RURAL AREAS
1	17,068	14,992	14,645	13,351	11,619
2	23,135	20,322	19,852	18,095	15,752
3	29,408	25,832	25,234	23,001	20,020
4	33,861	29,737	29,053	26,485	23,050
5	36,994	32,492	31,741	28,936	25,186
6	40,156	35,267	34,454	31,407	27,338
7+	43,190	37,936	37,059	33,783	29,404

Based on estimated inflation of 1.8%





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## MEMBERS OF THE NATIONAL COUNCIL OF WELFARE

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## NATIONAL COUNCIL OF WELFARE

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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 2<sup>e</sup> étage, 1010, rue Somerset ouest, Ottawa K1A 0J9.









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## FOREWORD

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*Welfare Incomes* is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for four types of households in 2000 and 2001: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. The National Council of Welfare has published similar estimates since 1986.

The National Council of Welfare is grateful to the officials of provincial and territorial governments who took the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and cooperation of the Quantitative and Information Analysis Division of the Social Policy Directorate at Human Resources Development Canada, in particular the help of Anne Tweddle.

In all the years the Council has tracked welfare incomes, we have continually found that incomes fall well below the poverty line and represent a tiny fraction of average incomes. This report shows areas where gains have been made—and some where ground has been lost. Unfortunately, the federal budget of December 10, 2001, did not offer much hope for change. It announced more than seven billion dollars over five years for national security and the war against terrorism. While one might agree with some increase in the resources earmarked for security following the attacks of September 11, 2001, in the United States, a number of organizations are indignant, and rightly so, at seeing no additional commitments to “social protection,” notably, income support for lower-income individuals. And if the recession worsens, then the number of low-income people to whom we must provide additional economic support will grow.

At least the Canada Child Tax Benefit (CCTB) program has not been touched, one could say, but the contributions made to it are not entirely passed on to those who need them most. In fact, the paradoxical effect of the clawback that has existed since July 1998 continues in eight of the 13 provinces and territories: what the federal government gives, the provinces and territories take away. Five provinces are an exception to this tendency. Newfoundland and Labrador, and New Brunswick have been passing on the increases to families since July 1998, and three provinces have recently modified their approach to the CCTB: Nova Scotia since August 2001, Manitoba since July 2001 with respect to children under age seven, and Quebec since July 2001 for all family allowance recipients in Quebec. Moreover, a number of provinces and territories reviewed their welfare program in 2001 or announced they would do so in 2002.

This *Welfare Incomes* report for 2000 and 2001 clearly shows that governments must do a better job of honouring their commitments to combat poverty and social exclusion.

The governor of the Bank of Canada himself pointed out last October 24 that sound management of public finance did not mean we should let “automatic stabilizers” take effect



in the event of an economic shock. In other words, governments should increase employment insurance and welfare benefits so as to protect those most seriously affected by the crisis.

The Council will closely monitor the results of various public consultations, including future budget consultations, as well as the recommendations adopted by governments, to ensure that the changes made truly reflect the needs of low-income Canadians and respect their full rights as citizens.

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## WHAT IS WELFARE?

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Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, the Canada Health and Social Transfer (CHST) replaced CAP. Under the CHST, the federal government reduced its transfer payments to the provinces and territories for health, education and social services. As of July 1, 1998, the CCTB has covered some of the cost of welfare for families with children.

Although people talk about welfare as a single entity, there are really 13 welfare systems in Canada: one in each province and territory, including the new territory of Nunavut established in 1999. Despite the fact that each of the 13 systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

### ELIGIBILITY

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a “needs test”. The welfare department compares the budgetary needs of an applicant and any dependants with the assets and income of the household. Needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household’s non-exempted financial resources are less than the cost of regularly recurring needs that the welfare department considers acceptable, for example, food, shelter, household, personal needs and special needs.

First, the needs test examines applicants’ fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are

generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (that is, cash, bonds and securities that are readily convertible to cash, RRSPs, but not Canada Pension Plan income and, in some provinces and territories, the cash value of life insurance) appear in Table 1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels that were in effect in January 2001.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Some types of income, such as the basic CCTB (but not the supplement) and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Welfare departments consider that income from other sources such as employment, pensions and unemployment insurance is fully or partially available for support of the household.

The supplement to the CCTB, also called the National Child Benefit Supplement (NCBS), is considered differently from one province or territory to another. On the one hand, in most jurisdictions, the supplement is treated as income and subtracted from the amount of the welfare cheque. Some provinces, rather than considering this amount as income, reduce either the welfare benefit or the provincial family allowance paid to families by the amount of the supplement. The process varies, but the result is the same: the province claws back what represents a significant amount for lower-income families. On the other hand, three provinces have joined Newfoundland and Labrador, and New Brunswick in allowing families that receive welfare to keep this money. They are Nova Scotia since August 2001, Manitoba since July 2001 for children under age 7, and Quebec since July 2001 for all Quebec family allowance recipients.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share with the provinces and territories the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory has replaced its needs test.



TABLE 1, LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2001

	UNEMPLOYABLE			EMPLOYABLE	
	SINGLE PERSON	SINGLE PARENT, ONE CHILD	SINGLE PERSON WITH DISABILITY	SINGLE PERSON	FAMILY
NEWFOUNDLAND AND LABRADOR	\$500	\$1,500	\$3,000 <sup>1</sup>	\$500	\$1,500
PRINCE EDWARD ISLAND	**2	\$1,200	\$900	\$50 to \$200 <sup>3</sup>	\$50 <sup>4</sup>
NOVA SCOTIA <sup>5</sup>	\$500 <sup>6</sup>	\$2,500	\$3,000	Province generally requires applicants to expend liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC <sup>7</sup>	\$1,500	\$2,825 <sup>8</sup>	\$2,500	\$1,500	Couple, 2 children: \$2,917 <sup>9</sup>
ONTARIO <sup>10</sup>	\$5,000	\$5,500 <sup>11</sup>	\$5,000	Single person: \$520; Couple: \$901 <sup>12</sup> Couple, one child: \$1,530; Adult, one child: \$1,457 <sup>13</sup>	
MANITOBA <sup>14</sup>	N/A <sup>15</sup>	\$2,000	\$2,000	\$0 at enrollment	\$0 at enrollment
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 <sup>16</sup>
ALBERTA	\$1,500	\$2,500	\$1,500 <sup>17</sup>	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets



TABLE 1, LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2001

	UNEMPLOYABLE			EMPLOYABLE	
	SINGLE PERSON	SINGLE PARENT, ONE CHILD	SINGLE PERSON WITH DISABILITY	SINGLE PERSON	FAMILY
BRITISH COLUMBIA <sup>18</sup>	\$500	\$5,000	\$3,000	\$500	\$5,500 + \$500 for each additional child
YUKON <sup>19</sup>	\$500	\$1,500	\$1,500	\$500	\$1,000 for two people + \$300 for each additional family member
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				
NUNAVUT	The director may determine that some assets (such as those used in traditional activities) should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

<sup>1</sup> In Newfoundland and Labrador, a person with a disability and with dependents is able to retain \$5,500 in liquid assets.

<sup>2</sup> In Prince Edward Island, single applicants were not considered unemployable unless they were a person with a disability.

<sup>3</sup> For unemployed applicants who require assistance for less than four months, the exemption is \$50 a month. For a single person on assistance for four months or more, the liquid asset exemption level is \$200.

<sup>4</sup> This level applies to unemployed applicants with families who require assistance for less than four months. For persons with dependants who are on welfare for four months or more, liquid asset exemption levels are \$1,200 to \$2,400, depending on family size.

<sup>5</sup> Interim levels as of May 2000 are those applicable for people who are coming into the assistance program.

<sup>6</sup> The amounts are for welfare clients. In the Family Benefits program, a single person with a disability may keep assets of \$ 3,000; a married person with a disability may keep assets of \$5,500 and a single parent of \$2,500.

<sup>7</sup> As of 1998, Quebec set standard maximum liquid asset amounts according to family size. If the applicant's assets (including expected income from other sources during the month of application) fall below the maximum, the welfare cheque for that month is calculated the rest of the days left in that month. Heat and utility costs are subtracted from the total assets. Amounts have increased as of January 2001 and are different for persons with disability and those without disability.

<sup>8</sup> The exemption level for the single parent with one dependant is \$ 2,500 plus \$325 for one child. If the single parent with one dependant had severe limitation to work, the level would be \$5,000 + \$325 for a total of \$5,325.

<sup>9</sup> The exemption level for an employable couple with two children is \$ 2,500 plus \$417 for two children, which totals \$ 2, 917. The exemption level for an employable couple with only one child would be \$2,500 + \$217 for a total of \$2,717.

<sup>10</sup> The "unemployable" category is the Ontario Disability Support Program; the "employable" category is Ontario Works, which underwent changes in 1998. Ontario may allow assets to increase beyond the prescribed limits provided the funds are intended for the purchase of an approved disability-related item or service or an item or service necessary for the health of a member of the benefit unit (individual or family). The greater amount cannot be greater than the sum of the total amount allowed for a benefit unit and \$5,000.

<sup>11</sup> The Asset Exemption Level for a couple under the Ontario Disability Support Program is \$7,500.

<sup>12</sup> The levels for single person and couple without children are equivalent to one month of assistance.

<sup>13</sup> The levels for a single parent with one child and couple with one child are equivalent to two months of assistance.

<sup>14</sup> The provincial government took over the administration of welfare in the City of Winnipeg in 1996. The provincial Municipal Assistance Regulation does not allow any liquid asset exemption for applicants. In areas where the municipal government administers the program, it has the discretion to allow an exemption of up to \$400 per person and \$400 for each additional dependent to a maximum of \$2,000 per household, once a person or family has qualified for assistance.

<sup>15</sup> In the Province of Manitoba, single applicants were not considered unemployable unless they had a disability.

<sup>16</sup> The level of \$3,000 applies to a person with one dependant. There is an additional \$500 liquid asset exemption for each additional dependant.

<sup>17</sup> This rate refers to people who receive welfare under the Supports for Independence program. Alberta grants an exemption of up to \$3,000 if a person has a severe and permanent disability and has high needs because of the costs of personal support services. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped (AISH) program, rather than welfare. In January 2000 and 2001, the asset limit for AISH was \$100,000.

<sup>18</sup> These exemption levels apply to British Columbia welfare recipients under age 55. The liquid asset exemption for single recipients 55 and older is \$3,000. There is an additional \$500 liquid asset exemption for each additional dependant.

<sup>19</sup> The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

## RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare rates, which generally include food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or “in kind” support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special-needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Tables 2 present a national picture of estimated welfare incomes for 2000 and 2001. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family<sup>1</sup> with a two-year-old child, and a two-parent family with two children aged ten and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2000, and January 1, 2001, respectively, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household.

In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory, even the most valuable among them, for example the Quebec system of child care at a maximum cost for the parents of \$5 a day.

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<sup>1</sup> A single-parent family is a family headed by a mother or father living alone who is either widowed, separated, divorced, or has never been married.



It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. In Quebec, the welfare department sometimes considers the financial support of young people to be the responsibility of their parents. In those cases, Quebec will reduce the assistance rate and demand a contribution from the parents of the welfare recipient.

These figures are also minimum amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

## **BASIC SOCIAL ASSISTANCE**

The column called basic social assistance shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, clothing, shelter, utilities, personal and household needs. The figures in the basic social assistance column also reflect, when applicable, the reduction in assistance caused by the clawback of the supplement to the CCTB that began in July 1998.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing and the case history.

### **A. RESIDENCE**

The rates of social assistance shown for each province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

### **B. AGES OF CHILDREN**

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are ten and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.



### C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Tables 2, we assigned short-term rates of assistance (which are generally lower than long-term rates) to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments for special, long-term disability programs. In Alberta, for example, people with severe and permanent disabilities may be eligible for a special program called Assured Income for the Severely Handicapped (AISH), providing they can supply the province with medical proof of the severity of their disability. In April 2001, 27,764 Albertans received support from AISH, while 8,951 people who were classified as “not expected to work” received support from the regular welfare program.

### D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. All provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions.

Saskatchewan paid welfare recipients the actual cost of their utilities up to a set maximum amount until 1993. After 1993, Saskatchewan paid the actual costs with no limits. In the 1998 version of this report, the figures showed the actual average amount the province paid to welfare recipients of each family type. Since 1999, the rate is based on the average of actual payments made in December multiplied by 12 months.

### E. CASE HISTORY

In order to “annualize” the rates for this report, we assumed that these four typical households started receiving welfare on January 1 of each year in question, that is in 2000 and 2001, and remained on assistance until the last day of each calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

### F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the

second column in Tables 2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances. The footnotes explain the special assistance in each jurisdiction.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in Column 2 of Tables 2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

### CANADA CHILD TAX BENEFIT

The child tax benefit system changed radically in recent years. Successive federal governments have moved to “target” their financial support to families at the lower end of the income spectrum. The Canada Child Tax Benefit column shows the basic CCTB and the supplement, including increases on July 1, 2000 or 2001, depending on the table.

In 2000, the federal government paid a basic annual benefit up to \$1,104 for each child under age 18 in most parts of Canada. In 2001, the amount was \$1,117. Alberta asked the federal government for different calculations of its basic benefits according to the ages of the children. In all provinces and territories, there was a supplementary annual benefit of up to \$213 for each child under age seven.

From July 1998 to June 2000, the federal government provided all families with incomes under \$20,921 with a supplement to the CCTB. The limit rose to \$21,214 in July 2000 and to \$21,744 in July 2001. If a family had one child, the supplement was \$785 a year between January and June 2000, or \$65.42 a month. Families with two children received a supplement of \$1,370 a year or \$114.17 a month. As of July 1, 2000, the supplement was \$977 a year or \$81.42 a month for a family with one child, and \$1,748 a year or \$145.67 a month for a family with two children. Finally, beginning July 1, 2001, the supplement was \$1,255 a year or \$104.58 a month for a family with one child, and \$2,310 a year or \$192.50 a month for a family with two children. Our calculations show the lower rate from January to June 2000 and 2001 and the increase from July to December 2000 and 2001.

Only those families on welfare who lived in Newfoundland and Labrador, New Brunswick and to a lesser extent Manitoba<sup>2</sup> saw an increase in their incomes because of the supplement to the CCTB in 2000, and were joined by families on welfare who lived in Nova

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<sup>2</sup> In Manitoba, after July 2000, the increase in the supplement is exempt from the usual clawback, for families on welfare.

Scotia, Manitoba (families with children under age seven) and Quebec in 2001. The other provinces and territories recovered this amount in various ways.

On the one hand, in most jurisdictions, the supplement to the CCTB is treated as income and subtracted from the amount of the welfare cheque. Some provinces, rather than considering this amount as income, reduce either the welfare benefit or the provincial family allowance paid to families by the amount of the supplement. The process varies, but the result is the same: the province claws back what represents a significant amount for lower-income families. On the other hand, three provinces have joined Newfoundland and Labrador, and New Brunswick in allowing families that receive welfare benefits to keep this money.

In a first group, in Prince Edward Island, Nova Scotia (until August 2001), Ontario, Manitoba, British Columbia, Yukon and Northwest Territories, the supplement is considered to be non-exempt income that triggers a cut in the families' welfare cheques.

In a second group, it is the family allowance that is reduced by the amount of the supplement. This is the case in Quebec until July 2001, and in Saskatchewan and British Columbia as of the publication date. Now, to the extent that the supplement increases from year to year, the family allowance diminishes and at some point, the value of the family allowance will be nil. British Columbia distinguishes itself from the other provinces here in that it deducts the amount of the supplement from the CCTB not only from families on welfare, as we have noted in previous versions of this report, but it applies the same process to all low-income families, regardless of their source of income.

Alberta, for its part, reduced social assistance rates every year since 1998 as the supplement was increased.

The figures in the Canada Child Tax Benefit column cover the basic tax benefit and the supplement; the cuts are in the welfare column or in the provincial/territorial child benefits column.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks under the CCTB discriminate against families on welfare. Our 2001 report, *Child Poverty Profile 1998*, estimated that only 66 percent of poor families with children benefited from the CCTB between June 1998 and June 1999: 79 percent of two-parent poor families but only 57 percent of poor single-parent families would be allowed to keep the supplement of the CCTB. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.



## PROVINCIAL AND TERRITORIAL CHILD BENEFITS

The Newfoundland and Labrador Child and Family Benefit began in August 1999. Since then, the single-parent family with one child receives \$17 a month and the two-parent family with two children receives \$43 a month.

In 1998, Nova Scotia used the money it clawed back to support the Nova Scotia Child Benefit for all families with net annual incomes below \$16,000. As of July 1999, families received \$324 for the first child and \$242 for the second child, and in July 2000, the benefits for the first child increased to \$403, and to \$319 for the second child. Our calculations for 2000 show the lower amount from January to June 2000 and the higher amount for July to December 2000. Beginning in August 2001, personal allowances for children under age seven are no longer part of the welfare program of Nova Scotia but are replaced by a provincial benefit for families with children, the Nova Scotia Child Benefit, and the supplement to the CCTB. The amount of the child benefit is \$445 for the first child and \$645 for the second child. Thus, as of August 1, 2001, Nova Scotia no longer claws back the supplement to the CCTB.

In October 1997, New Brunswick introduced a provincial Child Tax Benefit worth \$21 a child each month, retroactive to April 1997. There have been no increases to the Benefit since then.

Quebec provides a family allowance over and above the CCTB. This was worth \$66.25 a month for each child from January to July 2000, then \$52.08 a month for each child from August 2000 on. Quebec also pays a supplement to single-parent families worth \$108.33 a month, and includes it in the family allowance. From January to July 2000, Quebec clawed back from the provincial family allowance an amount equal to the supplement to the CCTB. From July 2000 to July 2001, it clawed back less than the value of the supplement, and as of July 1, 2001, it sends the full amount of the supplement to welfare families.

The Saskatchewan Benefit provided \$75 a month for the family with one child and \$167 a month for the family with two children until June 1999. In July 1999, Saskatchewan reduced this amount by the amount of the increase in the federal government's payment under the supplement to the CCTB. From January to July 2000, these families received \$60 a month and \$137 a month respectively. With the new increase in the CCTB in July 2000, the Saskatchewan benefits dropped to \$44 and \$105.50 respectively. Finally, in July 2001, the benefits were \$21 for the family with one child and \$59 for the family with two children. Moreover, Saskatchewan provides an allowance of \$35 a month to the single-parent family.

In July 1996, British Columbia introduced the BC Family Bonus as part of a package of initiatives known as BC Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children that have filed income tax returns for the previous year and have applied for the CCTB. All these families received \$40 a month for each child for January to June 2000, and \$25 a month from July to December 2000, from the BC Family Bonus. These amounts are the same as the provincial benefit from which the supplement to the CCTB is subtracted. British Columbia distinguishes itself from the other provinces in that



it claws back the supplement to the CCTB not only from families on welfare, but it applies the same process to all low-income families.

Northwest Territories uses the money it claws back from the supplement to the CCTB to support the NWT Child Benefit for all families with net annual incomes below \$20,921. Beginning in July 1998, families receive \$330 annually for every child. The amount did not change between 1999 and 2001.

The new territory of Nunavut adopted largely the same welfare policies as Northwest Territories. The Nunavut Child Benefit provides \$330 a year for each child.

Several provinces and territories also provide incentives to low-income workers with children. We have not included these programs in our calculations because we base our estimates on the welfare incomes of parents with no earned income.

### RECENT DEVELOPMENTS

In mid-2001, the Alberta Minister of Human Resources and Employment appointed an MLA Committee to review the programs and supports offered by the ministry to low-income Albertans and “to ensure that these programs continue to help low-income families meet the challenges they face” (Discussion Guide). These programs included its welfare program, Support for Independence. Many people participated in the review through questionnaires and discussion groups, and the chairman of the Committee reported to the minister sometime in mid-October 2001. As yet, there has been no public announcement of what follow-up action will be taken in respect of the recommendations, submitted solely to the minister.

Saskatchewan is working on its initiative called “Building Independence” aimed at reducing poverty and the number of people on welfare. It is now in Phase II: Welfare Reform, which focuses on a number of factors that prevent people from getting off welfare and entering the job market, such as public housing, meaningful employment, family supports, training, taxation, day-care services, disability-related problems, youth, motherhood, early childhood development and the simplification of rates. In 2001, pilot projects planned for Yorkton and Regina as well as public consultations, including an on-line survey, were carried out on the various issues. No date has been announced for implementation of the recommendations arising from the pilot projects and public consultations.

In Nunavut, the Minister of Education tabled the Final Report on the Income Support Policy Review in the Nunavut Legislative Assembly on May 23, 2001. The Report, containing 46 recommendations, covered five main themes: Youth, Adults, Elders, Circles of Support, and Nunavut Government. One of the Panel’s main recommendations was to revise the levels of food and clothing benefits provided through the Income Support Program, as well as the earnings exemption policy.

More recently, on January 7, 2002, the Minister of Human Resources for Newfoundland and Labrador announced that a review of welfare legislation was being undertaken. The *Social Assistance Act* has not been updated since 1977, and the ministry has since become involved in the areas of training and employment programs. The minister also announced that meetings would be held with welfare recipients and community groups to get their views on

what changes should be made. The minister expects the new legislation to be enacted in the fall of 2002.

In January 2002, the government of British Columbia announced that it is cutting the budgets of all ministries, except Health and Education, an average of 25 percent over the next three years. Total expenditures will be reduced by \$1.9 trillion, a reduction of eight percent over three years. These changes should mean about 3,300 fewer full-time equivalent positions in the public service between now and the end of March 2003. Also, the welfare ministry is redefining the BC welfare system, and will no longer be known as BC Benefits, but as BC Employment and Assistance. Benefits will be reduced for some recipients and the eligibility requirements for employable single people and couples will become more stringent. For example, to be eligible for assistance, applicants who are aged 19 or older will have to be independent for two years after moving out of their parents' home. Single parents considered employable will be expected to return to work once their child reaches age three, which is four years sooner than under the current policy. The government warned that it is preparing to cut the benefits of recipients who are not looking for employment. Only the benefits for people with a disability will be increased.

### **GST CREDIT**

The column for federal GST credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the Atlantic provinces. The GST credit is paid quarterly. The four payments received in 2000 and 2001 were worth a maximum of \$202 (two payments at \$199 and two payments at \$205) and \$206 (two payments at \$205 and two payments at \$207) a year respectively for each adult or the first child in a single-parent family. For other dependent children, the total was a maximum of \$105, \$107 and \$109 respectively on July 1 in 1999, 2000 and 2001 for each child.

Single adults also received an income-tested supplement in 2000 and 2001, to a maximum of \$105, \$107 and \$109 respectively on July 1 in 1999, 2000 and 2001, if their annual income in 1998, 1999 and 2000 respectively was higher than \$6,456, \$6,546 and \$6,710. Since 2000, heads of single-parent families receive the full amount of the supplement, as the schedule below \$6,456 no longer applies, and based on our assumptions, the income schedule above \$26,284 never applies, the welfare incomes of single parents being, thus far, always below this upper limit.

### **PROVINCIAL TAX CREDITS**

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia.

TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial / Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR							
Single Employable <sup>3</sup>	1,596				202	40	1,838
Person with a Disability <sup>4</sup>	7,044	1,500			240	40	8,824
Single Parent, One Child <sup>5</sup>	11,298		2,159	204	506	100	14,267
Couple, Two Children <sup>6</sup>	11,772		3,683	516	616	200	16,787
PRINCE EDWARD ISLAND <sup>7</sup>							
Single Employable	5,598				202		5,800
Person with a Disability <sup>8</sup>	7,398	1,092			236		8,726
Single Parent, One Child <sup>9</sup>	9,595		2,159		490		12,244
Couple, Two Children <sup>10</sup>	14,275	350	3,683		616		18,924
NOVA SCOTIA <sup>11</sup>							
Single Employable <sup>12</sup>	4,374				202		4,576
Person with a Disability	8,568				243		8,811
Single Parent, One Child <sup>13</sup>	9,679		2,159	364	497		12,698
Couple, Two Children <sup>14</sup>	12,217		3,683	644	616		17,160
NEW BRUNSWICK							
Single Employable	3,168				202		3,370
Person with a Disability <sup>15</sup>	6,696				206		6,902
Single Parent, One Child <sup>16</sup>	8,772	900	2,159	250	492		12,573
Couple, Two Children <sup>17</sup>	9,828	1,000	3,683	500	616		15,627



TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/ Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial / Territorial Tax Credits	Total Income
<b>QUEBEC <sup>18</sup></b>							
Single Employable <sup>19</sup>	6,080				202		6,282
Person with a Disability <sup>20</sup>	8,844				245		9,089
Single Parent, One Child <sup>21</sup>	8,266		2,159	2,024	501		12,950
Couple, Two Children <sup>22</sup>	10,399	139	3,683	1,448	616		16,285
<b>ONTARIO <sup>23</sup></b>							
Single Employable	6,240				202	383	6,825
Person with a Disability <sup>24</sup>	11,160				295	306	11,761
Single Parent, One Child <sup>25</sup>	10,603	105	2,159		506	385	13,758
Couple, Two Children <sup>26</sup>	13,009	407	3,683		616	499	18,214
<b>MANITOBA</b>							
Single Employable	5,352				202		5,554
Person with a Disability <sup>27</sup>	6,478	960			219		7,657
Single Parent, One Child <sup>28</sup>	8,112		2,159		478		10,748
Couple, Two Children <sup>29</sup>	12,707		3,683		616		17,006
<b>SASKATCHEWAN <sup>30</sup></b>							
Single Employable	5,650				202		5,852
Person with a Disability <sup>31</sup>	7,238	1,020			232		8,490
Single Parent, One Child <sup>32</sup>	8,410		2,159	1,044	486		12,099
Couple, Two Children <sup>33</sup>	11,793	215	3,683	1,455	616		17,762



TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial/Territorial Tax Credits	Total Income
<b>ALBERTA <sup>34</sup></b>							
Single Employable	4,764	60			202		5,026
Person with a Disability <sup>35</sup>	6,384	996			207		7,587
Single Parent, One Child <sup>36</sup>	8,908	60	2,074		485		11,527
Couple, Two Children <sup>37</sup>	13,477	395	3,780		616		18,268
<b>BRITISH COLUMBIA <sup>38</sup></b>							
Single Employable <sup>39</sup>	6,096	35			202	50	6,383
Person with a Disability <sup>40</sup>	9,329	35			258	50	9,672
Single Parent, One Child <sup>41</sup>	10,636	80	2,159	390	509	50	13,823
Couple, Two Children <sup>42</sup>	12,489	190	3,683	973	616	100	18,051
<b>YUKON <sup>43</sup></b>							
Single Employable <sup>44</sup>	10,790	155			291		11,236
Person with a Disability <sup>45</sup>	10,790	1,655			308		12,753
Single Parent, One Child <sup>46</sup>	15,012	572	2,159		510		18,253
Couple, Two Children <sup>47</sup>	21,471	685	3,683		616		26,455
<b>NORTHWEST TERRITORIES <sup>48</sup></b>							
Single Employable <sup>49</sup>	8,499				232		8,730
Person with a Disability <sup>50</sup>	10,639				274		10,913
Single Parent, One Child <sup>51</sup>	17,605		2,159	330	510		20,604
Couple, Two Children <sup>52</sup>	22,743		3,683	660	616		27,702

TABLE 2, ESTIMATED 2000 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial / Territorial Tax Credits	Total Income
NUNAVUT <sup>53</sup>							
Single Employable <sup>54</sup>	10,188				246		10,434
Person with a Disability <sup>55</sup>	12,288				287		12,575
Single Parent, One Child <sup>56</sup>	25,195		2,159	330	510		28,194
Couple, Two Children <sup>57</sup>	29,377		3,683	660	616		34,336

<sup>1</sup> The Canada Child Tax Benefit (CCTB) figures include the \$1,104 basic benefit and the \$219 supplement for the child under seven in the single-parent family. The two-parent family with two children aged ten and 15 was eligible for \$2,208 (\$1,104 for each child). As of July 1, 1999, the single parent with one child received a supplement of \$785 a year (or \$65.42 monthly) and the couple with two children received a supplement of \$1,370 a year (\$114.17 monthly). On July 1, 2000, the value of the supplement rose to \$977 a year (or \$81.42 a month) for the single-parent family and \$1,748 a year (or \$145.67 monthly) for the couple with two children.

As explained in the Canada Child Tax Benefit Section of this report, provinces and territories treat the supplement to the CCTB in different ways. In PEI, Ontario, Nova Scotia (up to August 2001), Yukon, Alberta, Northwest Territories and Nunavut, welfare recipients have seen a reduction in their social assistance payment equal to the increase of the supplement to the CCTB, either because their social assistance system considers the supplement to the CCTB as non-exempt income or because the province reduces its social assistance rate by an amount equal to the increase to the supplement to the CCTB. The timing and administration of the reduction is different but the result is the same: it means a reduction for the family. The exceptions are New Brunswick where the full increase is passed on to clients, and partially in Manitoba (increases since July 6, 2000 are passed on to children seven years of age or older).

In Saskatchewan, Quebec and British Columbia, the provincial portion of the child benefit is offset by the federal increase. Again, there is an exception with Newfoundland and Labrador where there are no reductions to the provincial portion of the child benefit when the CCTB increases.

Alberta asked the federal government to vary the amount of the CCTB, so the figures for this province differ.

<sup>2</sup> The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.

#### Newfoundland and Labrador

<sup>3</sup> These rates apply to single, able-bodied people above age 29 boarding with relatives in St. John's. On July 1, 2000, monthly room and board rates rose by two percent from \$93 to \$95. The rate for this category increased considerably in October 2000, from \$95 to \$251 a month, following a policy change that

simplified rates for single clients. Prior to October, there were six different rates: three rates for employable adults and three rates for unemployable adults or adults over 65. The amount for these rates was based on the living arrangements of the adult (boarding with relatives, boarding with non-relatives or maintaining a household). Effective October 2000, adults over 29 years of age receive the unemployable rate for maintaining their own home or boarding with relatives. There is no change for employable singles 29 years of age and under. The Council decided to show the category of singles over 29 years since 80 percent of single clients are in that age range. Three-quarters of single employable people receiving room and board rates on welfare receive extra payments because of extenuating circumstances. Our figures do not include higher rates for special circumstances.

<sup>4</sup> The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals with a severe disability and who require supportive services to aid independent living. Rent for singles in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly. On July 1, 2000, monthly welfare rates rose two percent from \$409 to \$417.

<sup>5</sup> On August 1, 2000, the monthly welfare rate rose from \$539 to \$550. Rent for singles in the largest city in the province is usually topped up with Additional Assistance at \$61 per month or \$732 yearly.

<sup>6</sup> After being restructured in August of 1999, decreasing from \$630 to \$578, the monthly welfare rate rose two percent on July 1, 2000, from \$578 to \$590. Rent in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly.

#### Prince Edward Island

<sup>7</sup> As of 1997, Prince Edward Island (PEI) considered the GST credit exempt income so the amount was not deducted from basic social assistance. On September 27, 2000, PEI announced two new assistance rates as a result of consultations with social assistance clients and their advocates. Both are retroactive to April 1, 2000. The first new assistance rate is for local transportation expenses not exceeding \$14 per month per household. Before April 1, 2000, clients received a transportation allowance for travel to jobs, day care, medical and other services as needed. This allowance may be used however the client chooses. The second form of assistance, called the Healthy Child Allowance, is for cultural and recreational activities up to \$14 per month for each dependent minor child.

<sup>8</sup> Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

<sup>9</sup> PEI deducts the value of the supplement to the CCTB from basic social assistance.

<sup>10</sup> See previous footnote for a description of the supplement's treatment by PEI. The additional benefits column shows back-to-school benefits of \$100 and \$75 for the two children given twice per year as of January 2000.

#### Nova Scotia

<sup>11</sup> In April 2000, an interim system was put in place for people who were coming into the assistance program. For people already on Family Benefits or Social Assistance before May 1, 2000, current rates were maintained until April 2001. In order to "annualize" the rates for this Welfare Incomes report, we assumed that these four typical households started receiving welfare on January 1, 2000, and remained on assistance until the last day of the respective calendar year. Therefore, the interim system does not affect this 2000 calculation but is included in 2001 calculations.



<sup>12</sup> Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. Our figures do not include the higher rate for special circumstances.

<sup>13</sup> Nova Scotia deducts the value of the supplement to the CCTB from basic social assistance. The province then uses the money it claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child and \$168 a year for their second child. As of July 1, 1999, families receive \$324 a year for their first child and \$242 a year for their second child. On July 1, 2000, the payment rose to \$403 a year for the first child and \$319 for the second child. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$20,921. Families do not have to have earned income. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

<sup>14</sup> See previous footnote for a description of the supplement's treatment. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

#### New Brunswick

<sup>15</sup> A new disability supplement of \$250, given once a year, was introduced for those with medical certification of a disability. We do not show this supplement in our calculation.

<sup>16</sup> New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October. The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month.

<sup>17</sup> New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child). The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month.

#### Quebec

<sup>18</sup> The value of the Quebec Sales Tax Credit is included in basic social assistance. The single person with a disability is classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others are classified as "non-participating."

<sup>19</sup> Basic assistance rates increased to \$510 a month in June 2000.

<sup>20</sup> Basic social assistance for people with disabilities rose to \$737 a month on January 1, 2000.

<sup>21</sup> On August 1, 2000, Quebec reduced its payments for families with children by an amount equivalent to the supplement to the CCTB by reducing its Family Allowance. For the five last months in 2000, Quebec decreased the Family Allowance by an amount less than the supplement. As of July 1, 2001, Quebec ceased decreasing its Family Allowance and passed on the full value of increases in the CCTB. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased in June 2000. The shelter subsidy for recipients with dependent children rose from \$72 a month to \$80 a month in October 1999. The provincial child benefits column shows the Quebec Family Allowance and the Family Allowance Supplement for a single-parent family.

<sup>22</sup> See previous footnote for a description of the supplement's treatment by Quebec.



The additional benefits column includes the school expense allowance of \$46 for each dependant attending primary school and \$93 for each dependant in secondary school. The provincial child benefits column shows the Quebec Family Allowance.

#### Ontario

<sup>23</sup> The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1999 (which is paid in 2000) based on the recipients' shelter costs.

<sup>24</sup> Assistance for a single person with a disability is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

<sup>25</sup> Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the winter clothing allowance of \$105 for each dependent child.

<sup>26</sup> Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

#### Manitoba

<sup>27</sup> The additional benefits column shows the disability benefit which was \$70 a month until June 1, 1999 when it rose to \$80 a month.

<sup>28</sup> Until July 2000, Manitoba deducted the full value of the supplement to the CCTB from basic social assistance. After July 2000, the increases of the supplement were exempted from the clawback. Instead of deducting \$81.42 on a monthly basis, Manitoba now deducts \$65.42. Starting August 1, 2001, the clawback is eliminated for all children under seven years of age.

<sup>29</sup> See previous footnote for a description of the supplement's treatment. For a couple with two children, Manitoba now deducts \$114.17 per month instead of \$145.67 prior to July 2000.

#### Saskatchewan

<sup>30</sup> Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. In *Welfare Incomes 1997 and 1998*, the figure showed the actual average amount paid to welfare recipients of each family type. In later editions, the utility rate is based on the actual December rate multiplied by 12 for the respective years.

<sup>31</sup> Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all people with a disability on welfare are entitled to a special transportation allowance of \$20 a month.

<sup>32</sup> On July 1, 1998, the supplement to the CCTB, called National Child Benefit Supplement (NCBS), began. Saskatchewan lowers its child benefit, instead of reducing the welfare amount, by the amount of the federal supplement. As the NCBS increases, the amount of the Saskatchewan Benefit will eventually be fully offset by the supplement. The provincial child benefits column shows the Saskatchewan Child Benefit of \$60 a month for January to June 2000 and \$44

for July to December 2000. It also includes a \$35 amount for the Saskatchewan Child Differential Allowance which also began in July 1998. This amount is payable to a recipient who is a single parent with respect to the first child of the recipient.

<sup>33</sup> See previous footnote for a description of the supplement's treatment by Saskatchewan. The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13. The provincial child benefits column shows the Saskatchewan Child Benefit of \$137 a month for January-June 2000 and \$105.50 for July-December 2000.

#### Alberta

<sup>34</sup> The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single person with a disability is classified under the Assured Support program. The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult.

<sup>35</sup> The additional benefits column shows a monthly supplement of \$78 for any person eligible for Assured Support, and a monthly "co-payment allowance" of \$5 for each adult. Our calculation does not show the additional Handicapped Benefit of \$175 a month available for recipients in 2000 who require specific medical devices. In the fiscal year 2000-2001, about 115 single persons under the "Support for Independence" (SFI) program received the Handicap Benefit, whereas an average of 655 single persons under "Assured Income for the Severely Handicapped" (AISH) received it.

Most people with severe and permanent disabilities and limited resources receive assistance of \$855 a month through AISH. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for benefits as above, plus special needs and benefits for special shelter, related to family size and composition, and ages of children. In April 2000, 25,756 Albertans received support from AISH while 8,655 people who were classified as "not expected to work" received support from the Assured Support program.

<sup>36</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement increased in July 2000 from \$65.42 to \$81.42 a month, the social assistance benefit decreased from \$321 to \$305 a month. Alberta varies the amounts of the CCTB according to the age of the child. The additional benefits column shows the monthly "co-payment allowance" of \$5 for each adult.

<sup>37</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement for two children increased in July 2000 from \$114.17 to \$145.67 a month, the social assistance benefit decreased from \$612 to \$581 a month. Additional benefits include education-related expenses: \$175 for high-school children and \$100 for elementary-school children. Alberta varies the amounts of the CCTB according to the age of the child.

#### British Columbia

<sup>38</sup> Provincial tax credits include the British Columbia (BC) Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 2000 for the 1999 tax year.

<sup>39</sup> As of January 1996, BC imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently. The Basic Social Assistance increased as of July 26, 2000 from \$175 to \$185 a month. The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.



<sup>40</sup> The amount under “Additional Benefits” shows a Christmas allowance of \$35 for a person with a disability. The Income Assurance Rate increased from \$446 to \$461.41 a month as of July 26, 2000.

<sup>41</sup> On July 1, 1998, BC reduced the provincial Family Bonus by the full amount of the supplement to the CCTB. Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB. Single-parent families on welfare received only \$40 per month between January and June 2000 because the provincial portion of \$105 is reduced by the supplement to the CCTB of \$65. For July to December 2000, this family received even less from the provincial Family Bonus, because even if the Family Bonus increased from \$105 to \$106.83, the clawback increased even more from \$65 to \$82, resulting in a thin \$25.41 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under “Additional Benefits” show a Christmas allowance of \$70 for the single parent plus \$10 for the child.

<sup>42</sup> Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB. A couple with two children on welfare received \$96 per month between January and June 2000, because the provincial portion of \$210 was reduced by the supplement to the CCTB of \$114. For July to December 2000, this family received even less from the provincial Family Bonus, because even if the Family Bonus increased from \$210 to \$212, the clawback increased even more from \$114.17 to \$145.67, resulting in a thin \$66.33 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under “Additional Benefits” show a Christmas allowance of \$90, and school start-up fees of \$42 for a child between the ages of six and 11 and \$58 for a child 12 and older.

#### Yukon

<sup>43</sup> Yukon last raised welfare rates in April 1991.

<sup>44</sup> Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older.

<sup>45</sup> Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older. Welfare recipients with a disability also receive a supplementary allowance of \$125 a month if Yukon considers them “permanent exclusions from the labour force.”

<sup>46</sup> Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

<sup>47</sup> Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include school allowances of \$50 for the ten-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

#### Northwest Territories

<sup>48</sup> Welfare recipients in the Northwest Territories (NWT) may be eligible for additional support if they undertake activities the territory considers “productive choices.” These may include activities such as work, training, raising children under the age of three, and voluntary activities. Shelter rates are fixed but the government pays the actual cost of fuel.

<sup>49</sup> This person is considered in the “transitional” part of the program for two months, then the regular program for ten months. When in the “transitional” part, an individual is not eligible for a clothing amount. NWT raised the monthly food allowance for single people from \$152 to \$162 in August 1998.

<sup>50</sup> NWT raised the monthly food allowance for single people from \$152 to \$162 in August 1998. Under special circumstances, NWT will pay higher shelter costs for welfare recipients with disabilities. This figure assumes that the person with disabilities did not receive the higher shelter payment. This person is admissible for clothing allowance.

<sup>51</sup> NWT deducts the value of the supplement to the CCTB from basic social assistance. The territory then uses the money it claws back to support the NWT Child Tax Benefit. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The NWT Child Tax Benefit appears in the provincial/territorial child benefits column. NWT considers that raising a child under three is a “productive choice,” so the parent and child each get a clothing allowance. This is included in the basic social assistance column. The territory raised the monthly food allowance from \$273 to \$295 in August 1998.

<sup>52</sup> See previous footnote for a description of the supplement’s treatment. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial/territorial child benefits column. NWT raised the monthly food allowance from \$485 to \$524 in August 1998.

#### Nunavut

<sup>53</sup> Nunavut territory was created April 1999. Welfare policies were based on those of the NWT but with some modifications. Rates for Nunavut are based on the amounts granted to people living in Iqaluit. Under the administration of the NWT welfare system, rates for Iqaluit were often higher than rates in Yellowknife. Utility rates are based on actual average utility payments for September 1999. The shelter portion of Nunavut welfare can be raised under exceptional circumstances to cover the actual cost of housing, but the figures shown here include only the basic payment. Welfare recipients may be eligible for additional support if they undertake activities the territory considers “productive choices.” These may include activities such as work, training, raising children under the age of five, and voluntary activities.

<sup>54</sup> The majority of welfare recipients live in public housing and receive a subsidy of \$32.

<sup>55</sup> People with disabilities receive a monthly disability allowance of \$175 if they are over 60 or have a certificate from a doctor.

<sup>56</sup> Nunavut deducts the value of the supplement to the CCTB from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

<sup>57</sup> See previous footnote for a description of the supplement’s treatment by Nunavut. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.



TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial/Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR							
Single Employable <sup>3</sup>	3,030				206	40	3,276
Person with a Disability <sup>4</sup>	7,116	1,500			246	40	8,902
Single Parent, One Child <sup>5</sup>	11,400		2,446	204	520	100	14,670
Couple, Two Children <sup>6</sup>	11,880		4,250	516	628	200	17,474
PRINCE EDWARD ISLAND <sup>7</sup>							
Single Employable	5,640				206		5,846
Person with a Disability <sup>8</sup>	7,440	1,092			240		8,772
Single Parent, One Child <sup>9</sup>	9,564		2,446		520		12,530
Couple, Two Children <sup>10</sup>	14,171	350	4,250		628		19,399
NOVA SCOTIA <sup>11</sup>							
Single Employable <sup>12</sup>	4,611				206		4,817
Person with a Disability <sup>8</sup>	8,067				245		8,312
Single Parent, One Child <sup>13</sup>	8,860		2,447	424	520		12,250
Couple, Two Children <sup>14</sup>	12,568		4,250	906	628		18,275
NEW BRUNSWICK							
Single Employable	3,168				206		3,374
Person with a Disability <sup>15</sup>	6,696				206		6,902
Single Parent, One Child <sup>16</sup>	8,772	900	2,447	250	520		12,888
Couple, Two Children <sup>17</sup>	9,828	1,000	4,250	500	628		16,206

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial / Territorial Tax Credits	Total Income
<b>QUEBEC <sup>18</sup></b>							
Single Employable <sup>19</sup>	6,209				206		6,415
Person with a Disability <sup>20</sup>	9,065				249		9,314
Single Parent, One Child <sup>21</sup>	8,426		2,447	1,925	520		13,318
Couple, Two Children <sup>22</sup>	10,592	199	4,250	1,250	628		16,919
<b>ONTARIO <sup>23</sup></b>							
Single Employable	6,240				206	383	6,829
Person with a Disability <sup>24</sup>	11,160				297	306	11,763
Single Parent, One Child <sup>25</sup>	10,368	105	2,447		520	388	13,828
Couple, Two Children <sup>26</sup>	12,539	407	4,250		628	506	18,330
<b>MANITOBA</b>							
Single Employable	5,352				206		5,558
Person with a Disability <sup>27</sup>	6,478	960			222		7,659
Single Parent, One Child <sup>28</sup>	8,436		2,447		520		11,403
Couple, Two Children <sup>29</sup>	12,707		4,250		628		17,585
<b>SASKATCHEWAN <sup>30</sup></b>							
Single Employable	5,772				206		5,978
Person with a Disability <sup>31</sup>	7,404	1,020			238		8,662
Single Parent, One Child <sup>32</sup>	8,592		2,446	809	520		12,367
Couple, Two Children <sup>33</sup>	12,132	215	4,250	985	628		18,210

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial/Territorial Tax Credits	Total Income
<b>ALBERTA<sup>34</sup></b>							
Single Employable	4,764	60			206		5,030
Person with a Disability <sup>35</sup>	6,384	996			216		7,596
Single Parent, One Child <sup>36</sup>	8,681	60	2,358		520		11,619
Couple, Two Children <sup>37</sup>	13,030	395	4,342		628		18,395
<b>BRITISH COLUMBIA<sup>38</sup></b>							
Single Employable <sup>39</sup>	6,166	35			206	50	6,457
Person with a Disability <sup>40</sup>	9,437	35			260	50	9,782
Single Parent, One Child <sup>41</sup>	10,759	80	2,446	214	520	50	14,069
Couple, Two Children <sup>42</sup>	12,613	190	4,250	631	628	100	18,412
<b>YUKON<sup>43</sup></b>							
Single Employable <sup>44</sup>	11,890	155			292		12,337
Person with a Disability <sup>45</sup>	11,890	1,655			313		13,858
Single Parent, One Child <sup>46</sup>	15,877	572	2,447		520		19,416
Couple, Two Children <sup>47</sup>	22,101	685	4,250		628		27,664
<b>NORTHWEST TERRITORIES<sup>48</sup></b>							
Single Employable <sup>49</sup>	8,731				243		8,974
Person with a Disability <sup>50</sup>	11,091				286		11,377
Single Parent, One Child <sup>51</sup>	17,494		2,447	330	520		20,790
Couple, Two Children <sup>52</sup>	22,361		4,250	660	628		27,899

TABLE 2, ESTIMATED 2001 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Canada Child Tax Benefit <sup>1</sup>	Provincial/Territorial Child Benefits	Federal GST Credit <sup>2</sup>	Provincial / Territorial Tax Credits	Total Income
NUNAVUT <sup>53</sup>							
Single Employable <sup>54</sup>	10,188				277		10,465
Person with a Disability <sup>55</sup>	12,288				313		12,601
Single Parent, One Child <sup>56</sup>	24,960		2,447	330	520		28,257
Couple, Two Children <sup>57</sup>	28,907		4,250	660	628		34,445

<sup>1</sup> See footnote 1 in Table 2 for the year 2000.<sup>2</sup> See footnote 2 in Table 2 for the year 2000.

## Newfoundland and Labrador

<sup>3</sup> These rates apply to single able-bodied people above age 29 boarding with relatives in St. John's. The rate for this category increased considerably in October 2000, from \$95 to \$251 a month, following a policy change that simplified rates for single clients. There was a one percent increase effective July 1, 2001, the rate increasing to \$254.

<sup>4</sup> The additional benefits column includes the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals with a severely disability and who require supportive services to aid independent living. Rent for singles in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly. On August 1, 2001, monthly welfare rates rose two percent from \$417 to \$421.

<sup>5</sup> On August 1, 2001, the monthly welfare rate rose from \$550 to \$556. Rent for singles in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly.

<sup>6</sup> On August 1, 2001, the monthly welfare rate rose by one percent, from \$590 to \$596. Rent in the largest city in the province is usually topped up with additional assistance at \$61 per month or \$732 yearly.

## Prince Edward Island

<sup>7</sup> As of 1997, Prince Edward Island (PEI) considered the GST credit exempt income so the amount was not deducted from basic social assistance.

<sup>8</sup> Additional benefits include the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.



<sup>9</sup> The Healthy Child Allowance, introduced in 2000, increased as of August 1, 2001, from \$14 to \$38 a month, which offset the increase in the clawback of the supplement from \$81.42 a month to \$104.58. PEI deducts the value of the supplement to the CCTB from basic social assistance.

<sup>10</sup> PEI deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows back-to-school benefits of \$100 and \$75 for the two children given twice per year as of January 2000.

#### Nova Scotia

<sup>11</sup> In April 2000, an interim system was put in place for people who were coming into the assistance program. For people already on Family Benefits or Social Assistance before May 1, 2000, current rates were maintained until April 2001. In order to "annualize" the rates for this Welfare Incomes report, we assumed that these four typical households started receiving welfare on January 1, 2000, and remained on assistance until the last day of each calendar year. Therefore, the interim system and its rates was the one we used for our households between January 2001 and August 1, 2001, when new regulations came into force. The province combined the federal and provincial children's benefits and provided them to all low-income families.

<sup>12</sup> Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. Our figures do not include the higher rate for special circumstances.

<sup>13</sup> Until August 1, 2001, Nova Scotia deducted the value of the supplement to the CCTB from basic social assistance. The province then used the money it clawed back to support the Nova Scotia Child Tax Benefit. On July 1, 2001, Nova Scotia discontinued charging the NCB supplement as income against welfare entitlement. The province redesigned its program. It eliminated the Personal Allowance for child under seven, which was included in the social assistance payment and increased the Nova Scotia Child Tax Benefit payments to \$445 a year for the first child and to \$645 for the second child. The Nova Scotia Child Tax Benefit appears in the provincial child benefits column.

<sup>14</sup> See previous footnote for the treatment of the federal supplement and the Nova Scotia Child Tax Benefit.

#### New Brunswick

<sup>15</sup> The Disability Supplement issued in October of each year since 2000 and available for those with medical certification of a disability increased from \$250 in 2000 to \$500 in 2001. Our calculation does not show this supplement.

<sup>16</sup> New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October. The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month.

<sup>17</sup> New Brunswick allows families to keep the supplement to the CCTB. The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child). The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month.

<sup>18</sup> The value of the Quebec Sales Tax Credit is included in basic social assistance. The single person with a disability is classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others are classified as "non-participating."

<sup>19</sup> Basic assistance rates increased to \$522.42 a month in June 2001.

<sup>20</sup> Basic social assistance for people with disabilities rose to \$755.42 a month on January 1, 2001.

<sup>21</sup> Between January and June 2001, Quebec decreased the Family Allowance by an amount less than the Supplement to the CCTB. Effective July 1, 2001, Quebec makes no further decreases to the supplement and will pass on any future increases. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased on January 1, 2001 to \$613.42 and again in June 2001 to \$628.42. The provincial child benefits column shows the Quebec Family Allowance and the Family Allowance Supplement for a single-parent family.

<sup>22</sup> See the previous footnote for the treatment of the federal supplement by Quebec. The basic social assistance column shows the rate for the Work and Employment Incentives program, which Quebec increased on January 1, 2001 to \$783 and again in June 2001 to \$802. The additional benefits column includes the school expense allowance of \$76 for each dependant attending primary school and \$12 for each dependant in secondary school. The provincial child benefits column shows the Quebec Family Allowance.

<sup>23</sup> The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 2000 (which is paid in 2001) based on the recipients' shelter costs.

<sup>24</sup> Assistance for a single person with a disability is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

<sup>25</sup> Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the winter clothing allowance of \$105 for each dependent child.

<sup>26</sup> Ontario deducts the value of the supplement to the CCTB from basic social assistance. The additional benefits column shows the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child.

<sup>27</sup> The additional benefits column shows the disability benefit which was \$70 a month until June 1, 1999 when it rose to \$80 a month.

<sup>28</sup> Until July 2000, Manitoba deducted the full value of the supplement to the CCTB from basic social assistance. After July 2000, the increases of the supplement were exempted from the clawback. Instead of deducting \$81.42 on a monthly basis, Manitoba now deducts \$65.42. Starting August 1, 2001, the clawback is eliminated for all children under seven years of age.



<sup>29</sup> Until July 2000, Manitoba deducted the full value of the supplement to the CCTB from basic social assistance. After July 2000, the increases of the supplement were exempted from the clawback. Instead of deducting \$145.67 on a monthly basis, Manitoba now deducts \$114.17. The elimination of the clawback does not apply to children over seven years of age, as it is only for children under seven years of age, starting August 1, 2001.

#### Saskatchewan

<sup>30</sup> Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. In *Welfare Incomes 1997 and 1998*, the figure showed the actual average amount paid to welfare recipients of each family type. In later editions, the utility rate is based on the actual December rate multiplied by 12 for the respective years.

<sup>31</sup> Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all people with a disability on welfare are entitled to a special transportation allowance of \$20 a month.

<sup>32</sup> On July 1, 1998, the supplement to the CCTB, called National Child Benefit Supplement (NCBS), began. Saskatchewan lowers its child benefit, instead of reducing the welfare amount, by the amount of the supplement to the CCTB. As the NCBS increases, the amount of the Saskatchewan Benefit will eventually be fully offset by the supplement. The provincial child benefits column shows the Saskatchewan Child Benefit of \$44 a month for January to June 2001 and \$21 for July to December 2001. It also includes a \$35 amount for the Saskatchewan Child Differential Allowance which also began in July 1998. This amount is payable to a recipient who is a single parent with respect to the first child of the recipient.

<sup>33</sup> See the previous footnote for a description of the supplement's treatment by Saskatchewan. The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13. The provincial child benefits column shows the Saskatchewan Child Benefit of \$105.50 a month for January-June 2001 and \$59 for July-December 2001.

#### Alberta

<sup>34</sup> The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single person with a disability is classified under the Assured Support program. The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult.

<sup>35</sup> The additional benefits column shows a monthly supplement of \$78 monthly for any person eligible for Assured Support, and a monthly "co-payment allowance" of \$5 for each adult. Our calculation does not show the additional Handicapped Benefit of \$175 a month available for recipients in 2001 who require special medical devices. In the fiscal year 2001-2002, about 133 single persons under the SFI program did get the Handicap Benefit, whereas an average of 670 single persons under the Assured Income for the Severely Handicapped (AISH) received it.

Most people with severe and permanent disabilities and limited resources receive assistance of \$855 a month through AISH program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for benefits as above, plus special needs and benefits for special shelter related to family size and composition and ages of children. In April 2001, 27,764 Albertans received support from AISH while 8,951 people who were classified as "not expected to work" received support from the Assured Support program.

<sup>36</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement increased in July 2001 from \$81.42 to \$104.58 a month, the social assistance benefit decreased from \$305 to \$282 a month. Alberta varies the amounts of the CCTB according to the age of the child. The additional benefits column shows the monthly “co-payment allowance” of \$5 for each adult.

<sup>37</sup> On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount equal to the supplement to the CCTB. When the supplement for two children increased in July 2001 from \$145.67 to \$192.50 a month, the social assistance benefit decreased from \$581 to \$535 a month. Additional benefits include education-related expenses: \$175 for high-school children and \$100 for elementary-school children. Alberta varies the amounts of the CCTB according to the age of the child.

#### British Columbia

<sup>38</sup> Provincial Tax Credits include the British Columbia Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 2001 for the 2000 tax year.

<sup>39</sup> As of January 1996, BC imposed an “employable reduction” on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently. The Basic Social Assistance increased as of July 26, 2000 from \$175 to \$185 a month. The amount under “Additional Benefits” shows a Christmas allowance of \$35 for a single person.

<sup>40</sup> The amount under “Additional Benefits” shows a Christmas allowance of \$35 for a person with a disability. The Income Assurance Rate increased from \$446 to \$461.41 a month as of July 26, 2000.

<sup>41</sup> On July 1, 1998, BC reduced the provincial Family Bonus by the full amount of the supplement to the CCTB. Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB.

A single-parent family on welfare only received a Family Bonus amount of \$25.41 per month between January and June 2001, because the provincial portion of \$106.83 is reduced by the supplement to the CCTB of \$81.42. For July to December 2001, this family got even less from the provincial Family Bonus, because even if the Family Bonus increased from \$106.83 to \$114.83, the clawback increased even more from \$81.42 to \$104.58, resulting in a thin \$10.25 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under “Additional Benefits” show a Christmas allowance of \$70 for the single parent plus \$10 for the child.

<sup>42</sup> Introduced in July 1996, the BC Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the CCTB. Two-parent families with two children on welfare received only \$68 per month between January and June 2001, because the provincial portion of \$230 was reduced by the supplement to the CCTB of \$146. For July to December 2001, this family got even less from the provincial Family Bonus, because even if the Family Bonus increased from \$214 to \$230, the clawback increased even more from \$145.67 to \$192.50, resulting in a thin \$37.16 a month.

The provincial child benefits column shows the BC Family Bonus. Previous editions of *Welfare Incomes* showed BC Family Bonus under the additional benefits column. The amounts under “Additional Benefits” show a Christmas allowance of \$90, and school start-up fees of \$42 for a child between the ages of six and 11 and \$58 for a child 12 and older.



<sup>43</sup> Fuel and utilities rates were increased as February 1, 2001 by \$500 a year for all types of households.

<sup>44</sup> Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older.

<sup>45</sup> Additional benefits include a Christmas allowance of \$30 per person and a winter clothing allowance of \$125 for adults and youth 14 and older. Welfare recipients with a disability also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

<sup>46</sup> Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

<sup>47</sup> Yukon deducts the value of the supplement to the CCTB from basic social assistance. Additional benefits include school allowances of \$50 for the ten-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

#### Northwest Territories

<sup>48</sup> Welfare recipients in the Northwest Territories (NWT) may be eligible for additional support if they undertake activities the territory considers "productive choices." These may include activities such as work, training, raising children under the age of three, and voluntary activities. Shelter rates are fixed but the government pays the actual cost of fuel

<sup>49</sup> This person is considered in the "transitional" part of the program for two months, then the regular program for ten months. When in the "transitional" part, an individual is not eligible for a clothing amount. In September 2001, NWT raised the monthly food allowance for single people from \$162 to \$170 and the rent allowance from \$450 to \$500.

<sup>50</sup> In September 2001, NWT raised the monthly food allowance for single people from \$162 to \$170 in September 2001 and the rent allowance from \$450 to \$500. Under special circumstances, the territory will pay higher shelter costs for welfare recipients with disabilities. This figure assumes that the person with disabilities did not receive the higher shelter payment. This person is admissible for clothing allowance.

<sup>51</sup> NWT deducts the value of the supplement to the CCTB from basic social assistance. The territory then uses the money it claws back to support the NWT Child Tax Benefit. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The NWT Child Tax Benefit appears in the provincial/territorial child benefits column. NWT considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance. This is included in the basic social assistance column. The territory raised the monthly food allowance from \$295 to \$316 in September 2001.

<sup>52</sup> See the previous footnote for a description of the supplement's treatment. Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial/territorial child benefits column. NWT raised the monthly food allowance from \$524 to \$526 in September 2001.

<sup>53</sup> Nunavut territory was created April 1, 1999. Welfare policies were based on those of the Northwest Territories but with some modifications. Rates for Nunavut are based on the amounts granted to people living in Iqaluit. Under the administration of the NWT welfare system, rates for Iqaluit were often higher than rates in Yellowknife. Utility rates are based on actual average utility payments for September 1999. The shelter portion of Nunavut welfare can be raised under exceptional circumstances to cover the actual cost of housing, but the figures shown here include only the basic payment. Welfare recipients may be eligible for additional support if they undertake activities the territory considers “productive choices.” These may include activities such as work, training, raising children under the age of five, and voluntary activities.

<sup>54</sup> The majority of welfare recipients live in public housing and receive a subsidy of \$32.

<sup>55</sup> People with disabilities receive a monthly disability allowance of \$175 if they are over 60 or have a certificate from a doctor.

<sup>56</sup> Nunavut deducts the value of the supplement to the CCTB from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

<sup>57</sup> Nunavut deducts the value of the supplement to the CCTB from basic social assistance. Nunavut then uses the money it claws back to support the Nunavut Child Tax Benefit (a continuation of the NWT Child Tax Benefit). Since July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. The Nunavut Child Tax Benefit appears in the provincial/territorial child benefits column.

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## ADEQUACY OF BENEFITS

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The incomes in Tables 2 are abysmally low. To demonstrate just how low, we compared them with the Statistics Canada's low income cut-offs (LICOs) for 2000 and 2001.

Each year, Statistics Canada calculates the LICOs for different-size households in different-size communities. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. This publication uses the 1992 LICOs as reference LICOs. They are called reference LICOs because they are taken from data gathered in 1992 on spending on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable<sup>3</sup>. In reality, most of the incomes in Tables 3 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in Newfoundland and Labrador with total incomes of \$1,838 were abysmally poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

A federal-provincial-territorial task force on social development research and information is developing a Measurement of Poverty based on a market basket (a basket of goods and services at market prices). This measurement is currently in development. The Council of Welfare looks forward to studying its strengths and weaknesses once it is published to assess its usefulness in our work.

Some provinces and territories also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Tables 3 show, no province had welfare rates consistently closer to the poverty lines than any other. Rates in some provinces and territories, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date.

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<sup>3</sup> The National Council of Welfare's *Poverty Profile* series discusses the issue of poverty lines in more depth, including pre and post tax low income cut-offs.



Poverty is costly to Canadians. In fact, there is abundant evidence that poverty not only brings misery to the individual, but it makes no sense from a strictly economic standpoint. *The Cost of Poverty*, published last February by the National Council of Welfare, presents examples to show that when there is poverty, we all pay a price, and how better decisions would improve human welfare and result in real long-term savings.

Column one of Tables 3 shows welfare incomes for different types of households in the ten provinces in 2000 and 2001. None of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column two indicates the estimated 1999 poverty line (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between total income and the poverty line, is shown in column three. The fourth column represents total welfare income as a percentage of the poverty line, that is, welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2000 and 2001. For the year 2000, rates ranged from 12 percent of the poverty line in Newfoundland and Labrador to 37 percent of the poverty line in Ontario, Saskatchewan and Prince Edward Island. In 2001, the rate for Newfoundland and Labrador increased to 20 percent of the poverty line, following a reform in October 2000, approached 21 percent in New Brunswick, while the highest level is seen in Saskatchewan, at 37 percent of the poverty line.

The lowest benefits for single people with a disability stood at 41 percent of the poverty line in Alberta<sup>4</sup> for 2000 and 40 percent for 2001, followed by Manitoba with 42 percent and 41 percent respectively. The highest rate we observed was in Ontario, 64 percent in 2000 and 62 percent in 2001, although it was down from 70 percent in 1999.

Welfare incomes for single-parent families ranged from a low of 47 percent of the poverty line in Manitoba and 50 percent in Alberta in the year 2000, or almost as low with 48 percent

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<sup>4</sup> While 5,554 Albertans in the "single people" category received benefits under the Support for Independence program used in our calculations, 25,756 Albertans received a higher amount because they came under the Assured Income for the Severely Handicapped (AISH) program. We present these figures because we assume that our typical person has a sufficiently severe handicap to qualify as a person with a disability, but not requiring special equipment. Of course, we make the same assumption for all provinces and territories.



in Manitoba in 2001 and slightly lower with 49 percent in Alberta in 2001, to a high of 72 and 73 percent in Newfoundland and Labrador for 2000 and 2001 respectively.

Finally, the lowest welfare incomes for two-parent families with two children compared to the poverty line were in Manitoba with 47 percent in 2000 and 50 percent in 2001, and in Quebec with 47 percent in 2000 and 48 percent in 2001. The highest incomes compared to the poverty line were for these families in Prince Edward Island with a rate of 64 percent in 2000 and 2001.

TABLE 3, ADEQUACY OF 2000 BENEFITS

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$1,838	\$15,757	-\$13,919	12%
Person with a Disability	\$8,824	\$15,757	-\$6,933	56%
Single Parent, One Child	\$14,267	\$19,697	-\$5,430	72%
Couple, Two Children	\$16,787	\$29,653	-\$12,866	57%
PRINCE EDWARD ISLAND				
Single Employable	\$5,800	\$15,648	-\$9,848	37%
Person with a Disability	\$8,726	\$15,648	-\$6,922	56%
Single Parent, One Child	\$12,244	\$19,561	-\$7,317	63%
Couple, Two Children	\$18,924	\$29,448	-\$10,524	64%
NOVA SCOTIA				
Single Employable	\$4,576	\$15,757	-\$11,181	29%
Person with a Disability	\$8,811	\$15,757	-\$6,946	56%
Single Parent, One Child	\$12,698	\$19,697	-\$6,999	64%
Couple, Two Children	\$17,160	\$29,653	-\$12,493	58%
NEW BRUNSWICK				
Single Employable	\$3,370	\$15,757	-\$12,387	21%
Person with a Disability	\$6,902	\$15,757	-\$8,855	44%
Single Parent, One Child	\$12,573	\$19,697	-\$7,124	64%
Couple, Two Children	\$15,627	\$29,653	-\$14,026	53%
QUEBEC				
Single Employable	\$6,282	\$18,371	-\$12,089	34%
Person with a Disability	\$9,089	\$18,371	-\$9,282	49%
Single Parent, One Child	\$12,950	\$22,964	-\$10,014	56%
Couple, Two Children	\$16,285	\$34,572	-\$18,287	47%

TABLE 3, ADEQUACY OF 2000 BENEFITS

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,825	\$18,371	-\$11,546	37%
Person with a Disability	\$11,761	\$18,371	-\$6,610	64%
Single Parent, One Child	\$13,758	\$22,964	-\$9,206	60%
Couple, Two Children	\$18,214	\$34,572	-\$16,358	53%
MANITOBA				
Single Employable	\$5,554	\$18,371	-\$12,817	30%
Person with a Disability	\$7,657	\$18,371	-\$10,714	42%
Single Parent, One Child	\$10,748	\$22,964	-\$12,216	47%
Couple, Two Children	\$17,006	\$34,572	-\$17,566	49%
SASKATCHEWAN				
Single Employable	\$5,852	\$15,757	-\$9,905	37%
Person with a Disability	\$8,490	\$15,757	-\$7,267	54%
Single Parent, One Child	\$12,099	\$19,697	-\$7,598	61%
Couple, Two Children	\$17,762	\$29,653	-\$11,891	60%
ALBERTA				
Single Employable	\$5,026	\$18,371	-\$13,345	27%
Person with a Disability	\$7,587	\$18,371	-\$10,784	41%
Single Parent, One Child	\$11,527	\$22,964	-\$11,437	50%
Couple, Two Children	\$18,268	\$34,572	-\$16,304	53%
BRITISH COLUMBIA				
Single Employable	\$6,383	\$18,371	-\$11,988	35%
Person with a Disability	\$9,672	\$18,371	-\$8,699	53%
Single Parent, One Child	\$13,823	\$22,964	-\$9,141	60%
Couple, Two Children	\$18,051	\$34,572	-\$16,521	52%

TABLE 3, ADEQUACY OF 2001 BENEFITS

	Total Income	Poverty Line <sup>1</sup>	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$3,276	\$16,167	-\$12,891	20%
Person with a Disability	\$8,902	\$16,167	-\$7,265	55%
Single Parent, One Child	\$14,670	\$20,209	-\$5,539	73%
Couple, Two Children	\$17,474	\$30,424	-\$12,950	57%
PRINCE EDWARD ISLAND				
Single Employable	\$5,846	\$16,055	-\$10,209	36%
Person with a Disability	\$8,772	\$16,055	-\$7,282	55%
Single Parent, One Child	\$12,530	\$20,070	-\$7,539	62%
Couple, Two Children	\$19,399	\$30,214	-\$10,815	64%
NOVA SCOTIA				
Single Employable	\$4,817	\$16,167	-\$11,350	30%
Person with a Disability	\$8,312	\$16,167	-\$7,855	51%
Single Parent, One Child	\$12,250	\$20,209	-\$7,959	61%
Couple, Two Children	\$18,353	\$30,424	-\$12,071	60%
NEW BRUNSWICK				
Single Employable	\$3,374	\$16,167	-\$12,793	21%
Person with a Disability	\$6,902	\$16,167	-\$9,265	43%
Single Parent, One Child	\$12,888	\$20,209	-\$7,321	64%
Couple, Two Children	\$16,206	\$30,424	-\$14,218	53%
QUEBEC				
Single Employable	\$6,415	\$18,849	-\$12,434	34%
Person with a Disability	\$9,314	\$18,849	-\$9,535	49%
Single Parent, One Child	\$13,318	\$23,561	-\$10,244	57%
Couple, Two Children	\$16,919	\$35,471	-\$18,552	48%

<sup>1</sup> Based on 2.6 percent inflation in 2001.



TABLE 3, ADEQUACY OF 2001 BENEFITS

	Total Income	Poverty Line <sup>1</sup>	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,829	\$18,849	-\$12,019	36%
Person with a Disability	\$11,763	\$18,849	-\$7,086	62%
Single Parent, One Child	\$13,828	\$23,561	-\$9,733	59%
Couple, Two Children	\$18,330	\$35,471	-\$17,141	52%
MANITOBA				
Single Employable	\$5,558	\$18,849	-\$13,291	29%
Person with a Disability	\$7,659	\$18,849	-\$11,189	41%
Single Parent, One Child	\$11,403	\$23,561	-\$12,159	48%
Couple, Two Children	\$17,585	\$35,471	-\$17,886	50%
SASKATCHEWAN				
Single Employable	\$5,978	\$16,167	-\$10,189	37%
Person with a Disability	\$8,662	\$16,167	-\$7,505	54%
Single Parent, One Child	\$12,367	\$20,209	-\$7,842	61%
Couple, Two Children	\$18,210	\$30,424	-\$12,214	60%
ALBERTA				
Single Employable	\$5,030	\$18,849	-\$13,819	27%
Person with a Disability	\$7,596	\$18,849	-\$11,253	40%
Single Parent, One Child	\$11,619	\$23,561	-\$11,942	49%
Couple, Two Children	\$18,395	\$35,471	-\$17,076	52%
BRITISH COLUMBIA				
Single Employable	\$6,457	\$18,849	-\$12,392	34%
Person with a Disability	\$9,782	\$18,849	-\$9,067	52%
Single Parent, One Child	\$14,069	\$23,561	-\$9,492	60%
Couple, Two Children	\$18,412	\$35,471	-\$17,059	52%

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## WELFARE AND AVERAGE INCOMES

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The low level of financial support provided by social assistance is also evident when measured against total average incomes (after government transfers, but before tax). Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Tables 4 compare the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages for 2000 and 2001 are based on data collected by Statistics Canada in the Survey of Labour and Income Dynamics, inflated by the Consumer Price Index.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes are far, far below average. In 2000, a single employable person on welfare received from ten percent to 29 percent of the average income received by single people under 65, while in 2001, the low was 15 percent, the high 28 percent. The person with a disability on welfare got 27 to 47 percent of the average in 2000, and 26 to 46 percent in 2001. Single-parent families on welfare had incomes worth 31 to 58 percent of average incomes in 2000 and 2001. It is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had income between 22 and 34 percent of average incomes in 2000 and between 21 and 34 percent of average incomes in 2001.

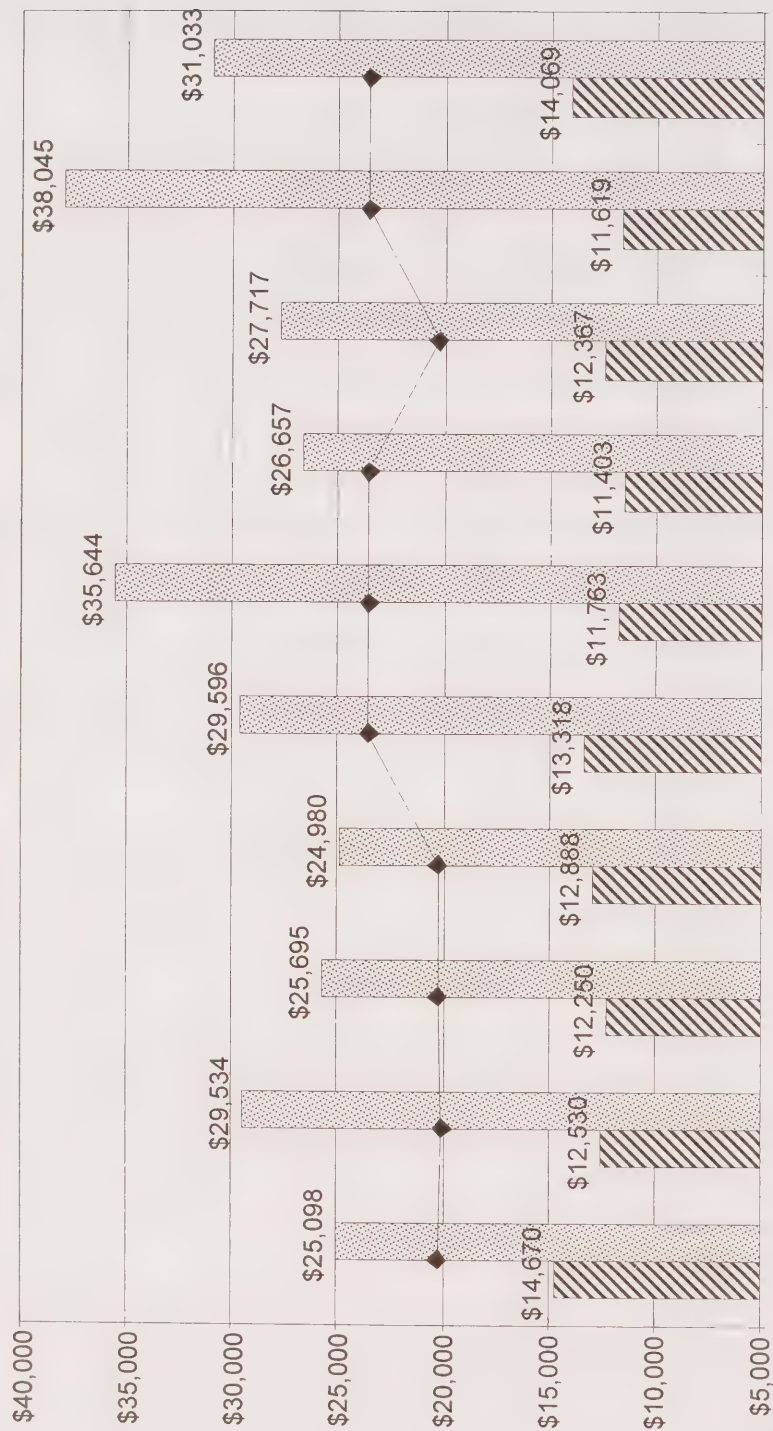
The graph on the next page compares welfare incomes for the single-parent family with a two-year-old child simultaneously with the estimated average total incomes (after government transfers, but before tax) for lone-parent families in each province and with the low income cut-offs for a two-member household in the largest city. As we explained it in the previous section, we consider these low income cut-offs as poverty lines.

The situation of single-parent families clearly illustrates the significant gap between welfare incomes and estimated average total incomes and the poverty lines in 2001. Welfare incomes for single-parent families in 2001 were all at least \$5,000 below the poverty line for two-member families living in the largest city in each province, and a minimum of \$10,000 (Newfoundland and Labrador, Nova Scotia, New Brunswick, Manitoba...) and maximum of \$26,000 (Ontario and Alberta) below the estimated average total income for all single-parent families in those provinces.

The abysmally low welfare incomes for these single-parent families would be slightly less tragic if governments were to stop clawing back the Supplement to the CCTB. In most provinces and territories that clawed back the supplement at the end of 2001, the loss of earnings in single-parent families' annual budget was \$1,116. For example, for a single-parent family living in Ontario, the clawed-back amount represents 8.7 percent of the annual budget.

FIGURE 1

# 2001 Welfare Incomes for Single Parent with One Child Aged Two Compared to Poverty Line and Estimated Average Income



2001 Welfare Incomes by Province of Single-Parent Families with One Child Aged Two  
 Estimated Average Total Income (after governments transfers, but before tax) of Lone-Parent Families by Province  
 Poverty Line: Before-Tax Low Income Cut-Offs (1992 Base) for 2001 for Two-Member Household in the Largest City



TABLE 4, 2000 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$1,838	\$18,807	10%
Person with a Disability	\$8,824	\$18,807	47%
Single Parent, One Child	\$14,267	\$24,462	58%
Couple, Two Children	\$16,787	\$56,868	30%
PRINCE EDWARD ISLAND			
Single Employable	\$5,800	\$20,284	29%
Person with a Disability	\$8,726	\$20,284	43%
Single Parent, One Child	\$12,244	\$28,786	43%
Couple, Two Children	\$18,924	\$55,063	34%
NOVA SCOTIA			
Single Employable	\$4,576	\$22,367	20%
Person with a Disability	\$8,811	\$22,367	39%
Single Parent, One Child	\$12,698	\$25,043	51%
Couple, Two Children	\$17,160	\$64,405	27%
NEW BRUNSWICK			
Single Employable	\$3,370	\$22,507	15%
Person with a Disability	\$6,902	\$22,507	31%
Single Parent, One Child	\$12,573	\$24,347	52%
Couple, Two Children	\$15,627	\$60,247	26%
QUEBEC			
Single Employable	\$6,282	\$24,390	26%
Person with a Disability	\$9,089	\$24,390	37%
Single Parent, One Child	\$12,950	\$28,846	45%
Couple, Two Children	\$16,285	\$67,190	24%



TABLE 4, 2000 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,825	\$30,916	22%
Person with a Disability	\$11,761	\$30,916	38%
Single Parent, One Child	\$13,758	\$34,740	40%
Couple, Two Children	\$18,214	\$84,279	22%
MANITOBA			
Single Employable	\$5,554	\$25,371	22%
Person with a Disability	\$7,657	\$25,371	30%
Single Parent, One Child	\$10,748	\$25,981	41%
Couple, Two Children	\$17,006	\$64,178	26%
SASKATCHEWAN			
Single Employable	\$5,852	\$24,225	24%
Person with a Disability	\$8,490	\$24,225	35%
Single Parent, One Child	\$12,099	\$27,014	45%
Couple, Two Children	\$17,762	\$65,121	27%
ALBERTA			
Single Employable	\$5,026	\$28,000	18%
Person with a Disability	\$7,587	\$28,000	27%
Single Parent, One Child	\$11,527	\$37,081	31%
Couple, Two Children	\$18,268	\$74,182	25%
BRITISH COLUMBIA			
Single Employable	\$6,383	\$31,303	20%
Person with a Disability	\$9,672	\$31,303	31%
Single Parent, One Child	\$13,823	\$30,246	46%
Couple, Two Children	\$18,051	\$74,950	24%

TABLE 4, 2001 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$3,276	\$19,296	17%
Person with a Disability	\$8,902	\$19,296	46%
Single Parent, One Child	\$14,670	\$25,098	58%
Couple, Two Children	\$17,474	\$58,347	30%
PRINCE EDWARD ISLAND			
Single Employable	\$5,846	\$20,812	28%
Person with a Disability	\$8,772	\$20,812	42%
Single Parent, One Child	\$12,530	\$29,534	42%
Couple, Two Children	\$19,399	\$56,494	34%
NOVA SCOTIA			
Single Employable	\$4,817	\$22,949	21%
Person with a Disability	\$8,312	\$22,949	36%
Single Parent, One Child	\$12,250	\$25,695	48%
Couple, Two Children	\$18,275	\$66,080	28%
NEW BRUNSWICK			
Single Employable	\$3,374	\$23,092	15%
Person with a Disability	\$6,902	\$23,092	30%
Single Parent, One Child	\$12,888	\$24,980	52%
Couple, Two Children	\$16,206	\$61,813	26%
QUEBEC			
Single Employable	\$6,415	\$25,024	26%
Person with a Disability	\$9,314	\$25,024	37%
Single Parent, One Child	\$13,318	\$29,596	45%
Couple, Two Children	\$16,919	\$68,937	25%

TABLE 4, 2001 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2000	Estimated Average Income 2000	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,829	\$31,720	22%
Person with a Disability	\$11,763	\$31,720	37%
Single Parent, One Child	\$13,828	\$35,644	39%
Couple, Two Children	\$18,330	\$86,470	21%
MANITOBA			
Single Employable	\$5,558	\$26,031	21%
Person with a Disability	\$7,659	\$26,031	29%
Single Parent, One Child	\$11,403	\$26,657	43%
Couple, Two Children	\$17,585	\$65,847	27%
SASKATCHEWAN			
Single Employable	\$5,978	\$24,855	24%
Person with a Disability	\$8,662	\$24,855	35%
Single Parent, One Child	\$12,367	\$27,717	45%
Couple, Two Children	\$18,210	\$66,814	27%
ALBERTA			
Single Employable	\$5,030	\$28,728	18%
Person with a Disability	\$7,596	\$28,728	26%
Single Parent, One Child	\$11,619	\$38,045	31%
Couple, Two Children	\$18,395	\$76,111	24%
BRITISH COLUMBIA			
Single Employable	\$6,457	\$32,117	20%
Person with a Disability	\$9,782	\$32,117	30%
Single Parent, One Child	\$14,069	\$31,033	45%
Couple, Two Children	\$18,412	\$76,899	24%



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## PROVINCIAL AND TERRITORIAL BENEFITS

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No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Tables 5a and 5b summarize the ups and downs of recent years.

The figures consist of those benefits shown in Tables 2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the CCTB and the GST credit. Comparable figures for other years were calculated from *Welfare in Canada: The Tangled Safety Net* and previous editions of *Welfare Incomes*.

Using the Consumer Price Index, all the dollar figures in Table 5a are expressed in constant 2001 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the four columns of Table 5b, show increases or decreases in real purchasing power.

The tables provide comparisons of provincial and territorial benefits for 1986 to 2001 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2001. The National Council of Welfare first estimated welfare incomes in Northwest Territories in 1993, so the table shows comparisons only since that time. For Nunavut, created in April 1999, our data go back only to that year.

Most welfare recipients in Canada saw further erosion of their already precarious financial situation in 2000 and 2001. Between 1999 and 2000, the cost of living rose by 2.7 percent (compared to just 1.7 percent between 1998 and 1999) and by 2.6 percent between 2000 and 2001. Welfare benefits were frozen or increased slightly in most jurisdictions, so that when the cost of living is taken into account, these increases represented decreases in relation to the previous year with variations fluctuating between 0 and -2.7 percent. From April 2000 to August 2001, Nova Scotia applied interim rates that were lower than those in effect before the start of this period. That, when combined with a cost of living of 2.6 percent in 2001, meant a decline of about 8.2 percent and 9.9 percent for two types of recipients. The change from 1999 to 2000 appears as exactly -2.7 percent; it means that the welfare rates were frozen and welfare recipients lost 2.7 percent of their purchasing power to inflation. In addition, some jurisdictions claw back the increases in the supplement to the CCTB by reducing the provincial or territorial family allowances or benefits by the same amount, and this can unfavourably offset the slight increases given these welfare families.

In Newfoundland and Labrador, except for single employable people, the value of welfare incomes remained close to the previous year owing to slight increases in benefits, which were negatively affected by the cost of living. Only single employable people over age 29 saw a large increase in their benefit in October 2000, although the absolute value of the benefit still remained quite low.



In Prince Edward Island, the welfare incomes of all recipients increased, though very little, from 1999 to 2000, owing to the introduction of a transportation allowance and an allowance to help children participate in cultural and recreational activities. However, the change from 2000 to 2001 was negative because benefits were frozen. From 2000 to 2001, the provincial share of incomes for families with children dropped considerably, by 2.8 percent for the single parent, and by 3.2 percent for the couple with two children, whereas from 1999 to 2000, the drop for the single parent was 0.7 percent. This is because the child allowance for cultural and recreational activities was increased on the one hand, and Prince Edward Island claws back the supplement to the CCTB on the other. While the federal government gives money to poor parents, the province takes it away, but compensates with a special allowance. This results in a drop in the province's contribution to families, though a less significant drop than from 1998 to 1999.

Until August 2001, Nova Scotia also clawed back the supplement to the CCTB. Although the province gives families with children a payment under the Nova Scotia Child Benefit, the amount is much smaller than the amount the province takes from families on welfare. The result is that the provincial contribution to welfare incomes drops by 3.7 percent for the single parent with one child, and by 2.2 percent for the couple with two children. The drops are not as great as between 1998 and 1999, because the benefit for Nova Scotia children was increased in July 2000. From 1999 to May 2000, recipients are no longer eligible for the clothing allowance during their first three months on welfare. The decreases between 2000 and 2001 are considerable for the single person with a disability and the single-parent family, about 8.2 percent and 9.9 percent. This is the result of lower interim basic welfare rates being applied from January to September 2001 than in the year 2001. The change would have been even greater for the single-parent family had the province not decided to stop clawing back the value of the supplement to the CCTB in August 2001. As for the couple with children, the cumulative effect of an increase in provincial benefits, in the order of 102 percent for the second child, and the discontinuation of the clawback of the supplement, largely offset the drops in the interim basic welfare rates in effect from January to September 2001 and the cost of living.

With the extensive reform of the Nova Scotia welfare system in the fall of 2001, the picture could change in future, but it will be a few years before it is possible to assess how the innovative new provisions are actually applied. For example, the transportation allowance has been extended from automatic coverage of \$18 for travel to and from the place of work to now cover, with the provision of supporting documents, all work-related travel as well as travel for health and safety-related needs, to a maximum of \$180 a month. In addition, starting April 1, 2001, the cost of childcare for work-related activities or health and safety-related needs is covered to a maximum of \$400 a month for each family, and the cost of care provided by a family member is now reimbursed.

In New Brunswick, welfare incomes were frozen and dropped by the cost of living, 2.7 percent from 1999 to 2000 and 2.5 percent from 2000 to 2001, since New Brunswick does not claw back the supplement to the CCTB.

In Quebec, there were very slight increases in the payments to single employable recipients and single-parent or two-parent families, which raised their incomes slightly higher than the cost of living. However, until July 2001, Quebec clawed back the supplement to the CCTB from its family allowances. The combined effect of these two mechanisms is to increase the gap in relation to the cost of living, by 5 percent for the single parent and by 4.2 percent for the couple in 2000, and by 2 percent and 2.1 percent respectively in 2001.

Ontario's single employable and single welfare recipients with a disability lost 2.7 percent and 2.5 percent respectively in 2000 and 2001, or the cost of living, because there were no increases in their provincial payments. Between 1999 and 2000, the single parent and couple with children lost 4.2 percent and 5.1 percent respectively, and 4.6 percent and 5.8 percent between 2000 and 2001 because Ontario claws back the supplement to the CCTB. Unfortunately, Ontario holds the record for the largest decrease for couples between 1999 and 2000 and between 2000 and 2001, followed closely by Alberta in the second period, with 5.7 percent.

Manitoba's single employable welfare recipients lost 2.7 percent of the value of their income between 1999 and 2000 and 2.5 percent between 2000 and 2001 because of a freeze in their provincial assistance. Single recipients with a disability received a slight increase in their special benefits at the end of 1999, which reduced the erosion by the cost of living between 1999 and 2000. Until July 2000, Manitoba clawed back the supplement to the CCTB; after that date, the increase in the supplement is exempt from the usual clawback. As of August 1, 2001, the clawback is eliminated for all children under age seven. Consequently, the families with children lost 2.3 percent of the value of provincial assistance for the single parent between 1999 and 2000, but gained 1.4 percent between 2000 and 2001, while the couple with two children<sup>5</sup> lost 3.9 percent in the first period and 2.5 percent in the second period.

In Saskatchewan, the figures for assistance for utilities increased for everyone in 2000 and 2001 because they are now based on the December rate for the year in question, 2000 and 2001 in this case. For single employable and single welfare recipients with a disability, these increases slowed the erosion owing to the higher cost of living. Because Saskatchewan claws back the supplement to the CCTB, the value of the provincial payments to families with children declined significantly: 4.7 percent between 1999 and 2000 and 3.5 percent between 2000 and 2001 for couples, and 3 percent and 3.1 percent for single parents.

In Alberta, the value of the single employable welfare recipient's income declined by the cost of living. Alberta increased the Personal Needs Supplement for welfare recipients with disabilities in October 1999, so the value of their incomes increased slightly between 1999 and 2000. Because Alberta claws back the supplement to the CCTB, the value of the provincial contribution to the income of the single parent and the couple declined by 3.8 percent and 5 percent between 1999 and 2000, respectively, while between 2000 and 2001,

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<sup>5</sup> We make the assumption that this family has two children, one age ten and the other age 15. It therefore is not entitled to exemption from the clawback of the supplement to the Tax Credit.

the decline was 3.4 percent and 5.7 percent, the second largest decline among the 13 provinces and territories.

In British Columbia, all welfare recipients saw the value of their provincial incomes go up at the end of 1999, but the increase in the cost of living wiped out the benefit of this increase. British Columbia claws back the value of the supplement to the CCTB, so that despite the positive effect of the increase in the basic welfare rate, the single parent and the couple with children saw a decline of 3.3 percent and 4.3 percent respectively between 1999 and 2000, and a decline of 3 percent and 4.1 percent between 2000 and 2001.



TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
NEWFOUNDLAND AND LABRADOR														
Single Employable	5,056	4,877	4,851	4,775	5,011	4,949	4,940	4,836	2,752	1,200	1,206	1,204	1,679	3,070
Person with a Disability		9,825	9,727	9,431	9,638	9,507	9,490	9,291	9,141	9,068	9,022	8,938	8,807	8,656
Single Parent, One Child	12,676	12,417	12,400	12,535	13,046	12,884	12,861	12,591	12,388	12,303	12,271	12,122	11,904	11,704
Couple, Two Children	14,663	14,365	14,339	13,874	14,119	13,941	13,916	13,624	13,405	13,439	13,387	13,153	12,813	12,596
PRINCE EDWARD ISLAND														
Single Employable	9,391	9,087	9,049	9,043	9,171	9,102	8,177	6,300	5,770	5,757	5,704	5,603	5,744	5,640
Person with a Disability		10,575	10,473	10,320	10,443	10,351	10,223	9,836	9,065	8,889	8,807	8,651	8,711	8,532
Single Parent, One Child	12,945	12,527	12,631	12,528	12,722	12,643	12,402	11,811	11,266	10,800	10,375	9,778	9,844	9,564
Couple, Two Children	18,969	18,658	18,665	18,768	18,993	18,843	18,481	17,735	16,360	16,409	15,715	14,715	15,005	14,521
NOVA SCOTIA														
Single Employable	6,902	7,697	7,347	6,984	6,878	6,754	6,742	6,601	6,514	4,796	4,751	4,610	4,488	4,611
Person with a Disability		10,132	10,072	9,923	9,786	9,610	9,757	9,579	9,425	9,279	9,193	9,031	8,791	8,067
Single Parent, One Child	11,952	12,315	12,230	12,081	12,079	11,861	12,029	11,806	11,616	11,436	11,140	10,700	10,304	9,284
Couple, Two Children	14,387	15,666	14,976	14,470	14,483	14,268	14,243	13,944	14,962	15,153	14,696	13,486	13,195	13,474
NEW BRUNSWICK														
Single Employable	3,402	3,681	3,627	3,549	3,551	3,501	3,522	3,461	3,445	3,431	3,399	3,339	3,250	3,168
Person with a Disability		9,645	9,497	9,218	9,227	9,166	7,190	7,164	7,131	7,216	7,185	7,058	6,870	6,696
Single Parent, One Child	10,217	9,980	9,827	9,606	9,674	9,701	10,100	10,594	10,530	10,657	10,648	10,460	10,180	9,922
Couple, Two Children	11,053	10,797	10,617	10,515	10,855	10,882	11,278	11,860	11,782	12,091	12,159	11,944	11,622	11,328



TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
QUEBEC														
Single Employable	3,581	4,601	6,531	6,781	6,983	7,001	6,852	6,708	6,600	6,401	6,309	6,349	6,238	6,209
Person with a Disability		8,272	8,583	8,825	9,094	9,088	9,236	9,042	9,095	9,084	9,168	9,182	9,074	9,065
Single Parent, One Child	12,049	11,179	11,915	10,901	12,376	12,886	13,165	12,888	12,681	12,012	11,613	11,110	10,558	10,351
Couple, Two Children	15,573	14,599	14,290	14,706	15,203	15,650	15,444	15,120	14,876	14,116	13,617	12,840	12,298	12,041
ONTARIO														
Single Employable	7,652	8,228	8,987	9,220	9,537	9,502	9,508	8,829	7,242	7,173	7,107	6,981	6,795	6,623
Person with a Disability		11,880	12,677	12,954	13,167	13,087	13,094	12,819	12,613	12,418	12,303	12,085	11,764	11,466
Single Parent, One Child	13,706	14,767	16,553	16,956	17,262	17,230	17,242	15,994	13,134	12,955	12,508	11,879	11,381	10,861
Couple, Two Children	17,060	18,635	21,719	22,119	22,596	22,531	22,340	20,595	16,971	16,741	16,036	15,041	14,277	13,452
MANITOBA <sup>i</sup>														
Single Employable	7,593	7,879	7,984	7,886	8,045	7,912	7,365	7,220	6,677	5,796	5,743	5,641	5,491	5,352
Person with a Disability		8,567	8,458	8,316	10,224	9,205	9,133	8,940	8,797	7,925	7,852	7,797	7,631	7,438
Single Parent, One Child	11,370	11,498	11,362	11,170	12,370	11,093	11,004	10,773	10,600	9,505	9,093	8,518	8,323	8,436
Couple, Two Children	17,773	18,661	20,083	20,086	20,668	18,838	19,167	18,753	16,800	15,413	14,541	13,562	13,037	12,707
SASKATCHEWAN														
Single Employable	6,356	6,362	6,220	6,033	6,262	6,589	6,578	6,440	6,336	5,709	5,674	5,839	5,797	5,772
Person with a Disability		10,367	10,042	9,653	9,565	9,472	9,456	9,257	9,372	8,379	8,380	8,601	8,473	8,424
Single Parent, One Child	13,042	12,994	12,627	12,153	12,012	11,876	11,855	11,606	11,419	11,243	9,966	9,995	9,700	9,401
Couple, Two Children	18,295	18,030	17,511	16,829	17,106	16,866	16,902	16,550	16,283	15,097	14,526	14,495	13,813	13,332

TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>ALBERTA</b>														
Single Employable	9,045	6,287	5,999	6,523	6,571	6,191	5,399	5,286	5,201	5,151	5,176	5,084	4,949	4,824
Person with a Disability		7,775	7,419	7,811	7,759	7,530	7,501	7,365	7,247	7,165	7,172	7,228	7,572	7,380
Single Parent, One Child	13,243	11,789	11,248	11,803	11,771	11,298	10,497	10,277	10,110	10,037	9,854	9,569	9,201	8,741
Couple, Two Children	19,690	17,369	16,573	18,268	18,286	17,606	16,527	16,347	16,084	15,911	15,522	14,739	14,233	13,425
<b>BRITISH COLUMBIA</b>														
Single Employable	6,460	7,090	7,249	7,133	7,349	7,371	7,554	7,420	6,744	6,640	6,579	6,462	6,342	6,251
Person with a Disability		9,783	10,122	9,888	10,317	10,384	10,626	10,439	10,271	10,112	10,019	9,841	9,659	9,522
Single Parent, One Child	11,635	12,807	12,945	12,683	13,250	13,292	13,619	13,376	13,160	12,903	12,459	11,837	11,446	11,103
Couple, Two Children	15,891	15,996	16,110	15,735	16,763	16,857	17,368	17,058	16,784	16,416	15,723	14,748	14,109	13,534
<b>YUKON</b>														
Single Employable	7,676	9,269	9,381	9,226	9,198	9,032	9,016	8,827	8,685	11,853	11,744	11,536	11,230	12,045
Person with a Disability		10,369	10,430	10,220	10,176	9,993	9,975	10,504	10,335	13,478	13,353	13,117	12,769	13,545
Single Parent, One Child	13,786	15,321	15,418	15,284	15,275	15,000	14,974	14,659	14,423	17,832	17,342	16,622	15,989	16,449
Couple, Two Children	21,122	22,999	22,849	22,845	23,026	22,611	22,572	22,097	21,742	25,683	24,904	23,741	22,732	22,786
<b>NORTHWEST TERRITORIES<sup>ii</sup></b>														
Single Employable						12,932	12,909	12,638	12,352	7,798	8,005	8,958	8,720	8,731
Person with a Disability						14,648	14,622	14,315	14,332	10,332	10,301	11,213	10,915	11,091
Single Parent, One Child						21,924	21,885	21,425	20,981	18,363	18,164	19,099	18,401	17,824
Couple, Two Children						25,946	25,942	25,396	24,856	24,618	24,640	25,056	24,012	23,021

TABLE 5A, 2001 PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS														
	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
NUNAVUT														
Single Employable												10,738	10,453	10,188
Person with a Disability												12,952	12,607	12,288
Single Parent, One Child												27,099	26,189	25,290
Couple, Two Children												32,048	30,818	29,567

<sup>i</sup> Some numbers for the Person With a Disability and the Single Parent for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by Manitoban officials.

<sup>ii</sup> Some numbers for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by officials from Northwest Territories.

TABLE 5B, CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	% CHANGE 1986-2001	% CHANGE 1991-2001	% CHANGE 1999-2000	% CHANGE 2000-2001
NEWFOUNDLAND AND LABRADOR				
Single Employable	-39.3	-35.7	39.5	82.9
Person with a Disability		-8.2	-1.5	-1.7
Single Parent, One Child	-7.7	-6.6	-1.8	-1.7
Couple, Two Children	-14.1	-9.2	-2.6	-1.7
PRINCE EDWARD ISLAND				
Single Employable	-39.9	-37.6	2.5	-1.8
Person with a Disability		-17.3	0.7	-2.1
Single Parent, One Child	-26.1	-23.7	0.7	-2.8
Couple, Two Children	-23.5	-22.6	2.0	-3.2
NOVA SCOTIA				
Single Employable	-33.2	-34.0	-2.7	2.7
Person with a Disability		-18.7	-2.7	-8.2
Single Parent, One Child	-22.3	-23.2	-3.7	-9.9
Couple, Two Children	-6.3	-6.9	-2.2	2.1
NEW BRUNSWICK				
Single Employable	-6.9	-10.7	-2.7	-2.5
Person with a Disability		-27.4	-2.7	-2.5
Single Parent, One Child	-2.9	3.3	-2.7	-2.5
Couple, Two Children	2.5	7.7	-2.7	-2.5
QUEBEC				
Single Employable	73.4	-8.4	-1.8	-0.5
Person with a Disability		2.7	-1.2	-0.1
Single Parent, One Child	-14.1	-5.0	-5.0	-2.0
Couple, Two Children	-22.7	-18.1	-4.2	-2.1
ONTARIO				
Single Employable	-13.5	-28.2	-2.7	-2.5
Person with a Disability		-11.5	-2.7	-2.5
Single Parent, One Child	-20.8	-35.9	-4.2	-4.6
Couple, Two Children	-21.1	-39.2	-5.1	-5.8



TABLE 5B, CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	% CHANGE 1986-2001	% CHANGE 1991-2001	% CHANGE 1999-2000	% CHANGE 2000-2001
MANITOBA <sup>i</sup>				
Single Employable	-26.8	-29.5	-2.7	-2.5
Person with a Disability		-10.6	-2.1	-2.5
Single Parent, One Child	-28.1	-24.5	-2.3	1.4
Couple, Two Children	-28.5	-36.7	-3.9	-2.5
SASKATCHEWAN				
Single Employable	-9.2	-4.3	-0.7	-0.4
Person with a Disability		-12.7	-1.5	-0.6
Single Parent, One Child	-27.9	-22.6	-3.0	-3.1
Couple, Two Children	-27.1	-20.8	-4.7	-3.5
ALBERTA				
Single Employable	-46.7	-26.0	-2.7	-2.5
Person with a Disability		-5.5	4.8	-2.5
Single Parent, One Child	-34.0	-25.9	-3.8	-5.0
Couple, Two Children	-31.8	-26.5	-3.4	-5.7
BRITISH COLUMBIA				
Single Employable	-3.2	-12.4	-1.9	-1.4
Person with a Disability		-3.7	-1.9	-1.4
Single Parent, One Child	-4.6	-12.5	-3.3	-3.0
Couple, Two Children	-14.8	-14.0	-4.3	-4.1
YUKON				
Single Employable	56.9	30.6	-2.7	7.3
Person with a Disability		32.5	-2.7	6.1
Single Parent, One Child	19.3	7.6	-3.8	2.9
Couple, Two Children	7.9	-0.3	-4.3	0.2
NORTHWEST TERRITORIES <sup>ii</sup>				
Single Employable			-2.7	0.1
Person with a Disability			-2.7	1.6
Single Parent, One Child			-3.7	-3.1
Couple, Two Children			-4.2	-4.1

TABLE 5B, CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	% CHANGE 1986-2001	% CHANGE 1991-2001	% CHANGE 1999-2000	% CHANGE 2000-2001
NUNAVUT				
Single Employable			-2.7	-2.5
Person with a Disability			-2.7	-2.5
Single Parent, One Child			-3.4	-3.4
Couple, Two Children			-3.8	-4.1

<sup>i</sup> Some numbers for the person with a disability and the single parent for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by Manitoban officials.

<sup>ii</sup> Some numbers for years 1997 through 1999 might be different than those appearing in previous editions of *Welfare Incomes* because of new information provided by officials from Northwest Territories.

The incomes of single employable and single welfare recipients with a disability in Yukon were frozen between 1999 and 2000. The two families with children saw a decrease in the value of Yukon's contribution to their incomes because Yukon claws back the supplement to the CCTB. It was a different scenario between 2000 and 2001, as all recipients saw their incomes increase, owing to an increase in assistance for utilities. However, the increase for both families was slight, 2.9 percent and 0.2 percent for the single parent and the couple respectively, owing to the clawback of the supplement to the CCTB.

In Northwest Territories, as in Yukon, single employable persons and single persons with a disability saw their income frozen between 1999 and 2000 and go up slightly between 2000 and 2001, owing to an increase in the assistance for food and shelter in September 2001. Northwest Territories claws back the supplement to the CCTB and gave families no increase in the assistance for shelter in 2001, or in its own child benefits. Consequently, welfare incomes in the Territories declined 3.7 percent and 4.2 percent for single parents and couples between 1999 and 2000, and 3.1 percent and 4.1 percent respectively between 2000 and 2001.

In Nunavut, income for single employable recipients and single recipients with a disability stagnated between 1999 and 2001. Also, Nunavut, like Northwest Territories, claws back the supplement to the CCTB, which negatively affects the income of the single parent and the couple over the two periods.

The view of welfare incomes over the last decade is bleak. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s, and the trend continued into the first decade of the new millennium, except in Prince Edward Island, where it temporarily paused in 2000, resuming early in 2001, and in Yukon in 2001, the only jurisdiction to see provincial/territorial incomes increase for all family types in 2001.

Many of the welfare rates shown in Tables 5a and 5b peaked in 1986 or 1989 and fell more or less steadily since then. In Alberta, for example, provincial benefits for single employable recipients as measured in 2001 constant dollars plummeted from \$9,045 a year in 1986 to \$4,824 in 2001, a drop of 46.7 percent.

The patterns were substantially different in Quebec, Ontario, Manitoba and British Columbia. In these provinces, welfare rates peaked in the early to mid-1990s. The end result was the same, however, as welfare rates declined further and further by the end of the decade.

One of the more disastrous changes in provincial and territorial contributions to welfare incomes is the effect of the CCTB on the incomes of those families with children that are forced to depend on welfare. When the federal government introduced the CCTB in 1998, it allowed provincial and territorial governments to claw back the supplement by reducing the welfare benefits of families by the value of the supplement. Five provinces opted to not exercise this option: Newfoundland and Labrador, and New Brunswick have been paying the increases to families since July 1998, and three provinces have recently changed their approach to the CCTB: since August 2001, Nova Scotia no longer claws back the supplement from any family; since July 2000, Manitoba claws back less than the value of the supplement, and since July 2001, claws back no supplement for children under age seven; and Quebec, since July 2001, claws back no supplement from all family allowance recipients.



The charts at the end of this section show the effect of the clawback on the total welfare income of a single-parent family with one child and on a couple with two children. We have calculated welfare incomes over time by adjusting the amounts to the cost of living as we did in Tables 5a and 5b. All the annual welfare incomes are expressed in 2001 dollars. We have separated the portion of income for welfare recipients that is paid by the province or territory from the portion that is paid by the federal government. Each chart has a white bar that shows the contribution of the provincial or territorial government in Tables 5a and 5b.

The black bar shows the federal government contribution to the incomes of these families on welfare. This amount includes the GST, the CCTB and its supplement. The federal portion of welfare incomes has grown every year because of increases in the federal government's support to low income families. As of July 1, 1998, the single-parent family with one child received a supplement of \$605 a year (or \$50.42 a month) and the couple with two children received \$1,010 a year (or \$84.17 a month). As of July 1, 1999, the supplement for the single-parent family increased to \$785 a year (\$65.42 a month) and for the couple with two children, \$1,370 a year (\$114.17 a month). One year later, on July 1, 2000, the federal government again increased the supplement, this time to \$977 a year (\$81.42 a month) for the single-parent family, and to \$1,748 a year (\$145.67 a month) for the couple. Finally, on July 1, 2001, the federal government increased the supplement to \$1,255 a year (\$104.58 a month) for the single-parent family, and to \$2,310 a year (\$192.50 a month) for the couple with two children.

Together, the white and the black bars show the total welfare income for the single-parent family with one child and for the couple with two children for the period since the National Council of Welfare began calculating welfare incomes in 1986. What these graphs show is that in those provinces and territories where the governments have clawed back the supplement to the CCTB, the federal government is providing a larger and larger share of the welfare incomes, but the total welfare incomes of families with children have not improved. With only a few exceptions—namely, the single-parent family in Manitoba in 2001, the couple in Nova Scotia in 2001, both family types in Yukon in 2001 and the couple in Prince Edward Island in 2000—the white bars that show the share of welfare incomes that is paid by the provinces and the territories become smaller as the years go on.

In Newfoundland and Labrador, the total 2001 annual welfare income of a single-parent family with one child was \$14,670. This was made up of a contribution of \$11,704 from the province and \$2,966 from the federal government. This is a very slight increase over the total 2000 income of \$14,638, and is almost identical to the total 1999 income, \$14,676, but still below the 1992 peak of \$15,023. In 1992, the federal government contributed only \$1,977. Even with the increase in the federal government's contribution, various cutbacks and freezes in the provincial contribution throughout the 1990s have brought the total welfare income down from the 1992 rate. The increasing federal government contribution has brought the total welfare income up slightly, despite the fact that the province is contributing less to the welfare income than it has since the National Council of Welfare began to track welfare incomes.

The couple with two children had a total annual income of \$17,474, compared to \$17,224 in 2000 and \$17,198 in 1999. Almost all the increase in the welfare income is because of the



increase in the federal government's supplement to the CCTB. The Newfoundland and Labrador Child and Family Benefit began in August 1999, and as it has not been increased since that date, is worth only \$17 a month for a family with one child and \$43 a month for a family with two children. The 2001 total welfare income of \$17,474 is slightly lower than the 1986 total welfare income of \$17,835, but in 1986, the federal government contributed only \$1,586, while in 2001, it contributed \$2,966. In the case of the single-parent family, the contribution of Newfoundland and Labrador to this family's welfare income is less now than ever before, while the federal government's contribution is more than it has ever been.

New Brunswick is the only other province besides Newfoundland and Labrador that did not take back the money the federal government gave families on welfare in 2000. In the summer of 2001, three more provinces joined them. The Newfoundland and Labrador Child Tax Benefit, unchanged since October 1997, has provided an extra \$21 a month for each child. As these two measures and the higher cost of living in 2000 and 2001 compared to 1999 had opposing effects on total income, a single-parent family with one child saw modest declines in its total welfare income since 1999, from \$12,984 in 1999 to \$12,900 in 2000, and to \$12,888 in 2001. The couple saw its income rise from \$15,989 in 1999 to \$16,033 in 2000 and \$16,206 in 2001, the increase in federal amounts having reversed the decline of the last three years in provincial benefits. In constant 2001 dollars, New Brunswick's contribution to the income of the single-parent family went from \$10,460 in 1999 to \$9,922 in 2001, and its contribution to couples went from \$11,944 in 1999 to \$11,328 in 2001.

Unlike the province of Newfoundland and Labrador, and the province of New Brunswick, which chose not to claw back the supplement to the CCTB, Prince Edward Island reduced its welfare payments by the amount the federal government gave to parents on welfare. In 2000, however, the province introduced two allowances (a local transportation allowance and a child allowance for cultural and recreational activities) and doubled an existing allowance for school-age children, which mitigated the effect of the clawback of the supplement and increased the income of both family types, from \$12,300 in 1999 to \$12,562 in 2000 for single-parent families, and from \$18,760 in 1999 to \$19,416 in 2000 for couples. The situation changed, however, in 2001, and the cost of living combined with a continuation of the clawback of the supplement with no further measure or increase in existing benefits caused total welfare incomes to decline. As a result, the total welfare income of both a single-parent family with one child and a couple with two children in PEI declined even as the federal government pumped billions of dollars into a system intended for poor families. Their incomes were \$12,562 in 2000 and \$12,530 in 2001, and \$19,416 in 2000 and \$19,399 in 2001 respectively. For both families, this is a drop in total welfare incomes from a peak in the early 1990s.

Nova Scotia carried out a reform of its system in 2001, but we will be better able to assess its impact in our report next year. Until August 2001, Nova Scotia clawed back the supplement to the CCTB and seven months of a negative effect of this mechanism had a significant impact on the five months in which it had a positive effect. Although Nova Scotia used that money to provide a provincial child benefit, it did not give families enough money to keep pace with the cost of living, either in 2000 or early in 2001, while for couples, it

meant a very slight increase in total income between 1999 and 2000 and a slight increase between 2000 and 2001. Although the federal contribution for the single-parent family increased from \$2,725 in 2000 to \$2,967 in 2001, the provincial contribution declined from \$10,304 to \$9,284 between 2000 and 2001. For the couple, the contributions of both levels of government\* increased in 2001. Total income for both families is expected to increase significantly in 2002.

The chart illustrates the continual decline of welfare incomes between 1994 and 2000 for both family types in Quebec, despite significant restructuring of the province's family benefits, mainly because the province reduced its family allowances until July 2000 by the same amount as the increase in the supplement to the CCTB. Thus, total income in 2000, which went from \$13,657 in 1999 to \$13,287 in 2000, are at their lowest levels since 1991 for the single-parent family, and their lowest levels since 1989 for the couple, dropping from \$16,885 in 1999 to \$16,709 in 2000. Meanwhile, the federal contribution to family income rose. As of July 2000, Quebec reduced its allowances by less than the increase in the supplement, and after July 2001, it made no further downward adjustments to its allowances. In 2001, the Quebec contribution to total income was less than in 2000, \$10,351 compared to \$10,558 for the single-parent family, and \$12,041 compared to \$12,298 for the couple, but this trend will probably be reversed starting in the year 2002.

The Ontario charts show the dramatic impact of the provincial government's decision to cut welfare incomes by 21.6% in October 1995. Although the federal portion of welfare incomes began to grow when the federal government introduced the CCTB, the impact of the provincial government's draconian welfare cuts overshadows any increases in federal help. Ontario's decision to claw back the supplement to the CCTB ensures that welfare families do not enjoy any improvement in benefits. Since there was no change in Ontario's welfare benefits in 1999, 2000 or 2001, the total income of Ontario welfare families was reduced by the cost of living. Thus, from 2000 to 2001, the total income of single-parent families went from \$14,115 to \$13,828, and couples with two children saw their income decline from \$18,687 to \$18,330. Again, the black part of each bar is larger each year, showing how the federal government's portion of welfare incomes has grown.

The Manitoba charts show how welfare incomes for both family types have declined through the 1990s. The single-parent family's income reached a peak of \$14,304 in 1992, and the income of the couple with two children reached \$23,714 that year. Income for the couple with two children has declined steadily since then, though the federal government's contribution to the welfare income is now higher than ever, while the income for the single-parent family declined until 1999, then began to rise in 2000 and 2001. Total income for that family went from \$17,607 in 1999 to \$17,448 in 2000 and finally to \$17,396 in 2001. The trend began to change in 2000, because of Manitoba's decision to treat the supplement to the CCTB differently. Up to July 2000, the province clawed back the entire supplement, but starting July 1, 2000, it clawed back the unincreased value of the supplement. (For example, the supplement increased from \$65.42 to \$81.42 in July 2000, but Manitoba continued to claw back just \$65.42.) Finally, starting August 1, 2001, Manitoba stopped clawing back the supplement for children under age seven, but continued the partial clawback for children age



seven and older. In conclusion, while the federal contribution for couples increased considerably between 1999 and 2001, the provincial contribution declined because of the effect of the cost of living combined with the continued clawback of a significant portion of the supplement. Total income went from \$17,607 in 1999 to \$17,448 in 2000 and to \$17,396 by 2001.

Saskatchewan claws back the supplement to the CCTB by reducing the Saskatchewan Child Benefit by the value of the supplement to the CCTB. The clawback, combined with the erosion of inflation, has brought the value of welfare income down slightly in 2000 and again in 2001. Total income of the single-parent family was \$12,518 in 1999, \$12,414 in 2000, and finally \$12,367 in 2001. Total income for the couple with children followed the same downward trend, going from \$18,540 in 1999 to \$18,224 in 2000 and to \$18,210 in 2001. For both family types in Saskatchewan, welfare incomes have dropped significantly since 1986 when the National Council of Welfare first began to track welfare incomes. In 1986, single-parent families received \$14,628 and two-parent families received \$21,467. This significant decline in total welfare incomes has occurred despite the fact that the federal government has never given so much money directly to families on welfare.

The charts show how welfare incomes in Alberta have decreased since 1986. At that time, the single-parent family received \$14,711 and the couple with two children received \$23,001. A series of welfare reforms in Alberta caused the total incomes of these families to decline throughout the 1990s until they began to rise in 1998, to then decline again until 2001. Alberta claws back the supplement to the CCTB, and has not changed its welfare benefits since 1999, resulting in a steady decline in its contribution to the income of single-parent families and couples with children, represented by the white bars in the chart. The increase in the black bars shows how the federal government's share has grown, but this growth does not fully offset the province's clawbacks. Thus, the single parent received a total of \$11,990 in 1999, \$11,827 in 2000 and \$11,619 in 2001; the couple received a total income of \$18,887 in 1999, \$18,743 in 2000 and \$18,395 in 2001. Following the results of the review of programs and supports coordinated by the Alberta ministry of Human Resources and Employment in 2001, the minister should recommend changes to the ministry's programs in 2002. The National Council on Welfare will monitor closely any new measures and hopes that the provincial contribution will be increased in the interests of the well-being of welfare families.

Total welfare incomes for families with children in British Columbia have dropped steadily since 1994. This occurred both because of various small cuts and freezes in the welfare system prior to 2000 and 2001 and because of the clawback of the supplement to the CCTB. In 2000, a slight increase in benefits could not reverse the downward trend of the provincial contribution to the total income of welfare recipients. Although the province created its own provincial child benefits package, the new BC Family Benefits have never been high enough to make up for its other welfare policy decisions. While a single-parent family had a welfare income of \$15,601 in 1994, the income dropped to \$14,646 in 1998 and to \$14,069 by 2001. The couple with two children had a welfare income of \$20,392 in 1994, but that income had eroded to only \$19,106 by 1999 and eroded further in 2000 to \$18,412 by 2001.

Yukon also claws back the supplement to the CCTB. The charts show that total welfare incomes jumped between 1996 and 1997, but this was due to a change in the way Yukon reported the cost of utilities, not an actual increase in welfare payments. Since then, except in 2001, the cost of living has eroded the value of the overall welfare income, while the clawback to the CCTB has increased the proportion of welfare income that is in fact paid by the federal government, not the Territory. In 2001, a significant increase in assistance for utilities increased the contribution of Yukon to total income for both family types. The single-parent family had a welfare income of \$19,530 in 1998 and only \$18,728 in 2000, but \$19,416 in 2001. The couple with two children received \$28,287 in 1998, which dropped to \$27,143 in 2000 and finally settled at \$27,664 in 2001.

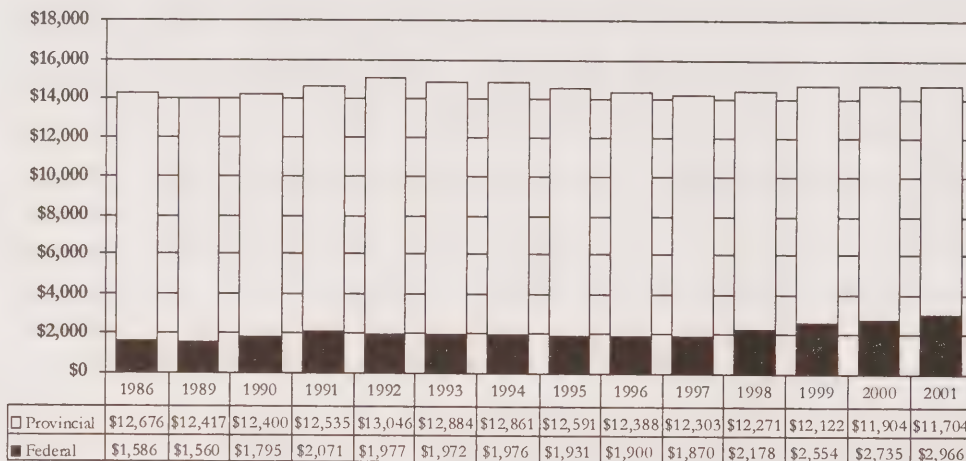
Northwest Territories claws back the supplement to the CCTB, and the Territory made no increases in welfare payments in 2000, but did in 2001. Consequently, first of all, the value of total welfare incomes for single-parent families and for the couple with children fell by the cost of living between 1999 and 2000. Secondly, the welfare income for both family types fell at a slower rate than the cost of living, from \$21,139 in 2000 to \$20,790 in 2001 for the single-parent family, and from \$28,423 in 2000 to \$27,899 in 2001 for couples with children. Finally, the Territory's contribution has continually declined for three years, from \$19,099 in 1999 to \$17,824 in 2001, while the federal contribution has continually increased.

Like Northwest Territories, Nunavut claws back the supplement to the CCTB, but unlike the Territories, Nunavut did not increase its welfare contribution in either 2000 or 2001. Both these factors, together with a cost of living increase of 2.7 percent in 2000 and 2.6 percent in 2001, meant that the standard of living of these families declined in 2000, and again in 2001 for the two-parent family. The contribution of Nunavut to the income of these recipients has steadily declined, from \$32,048 in 1999 to \$29,567 in 2001, while the federal contribution has steadily increased, from \$4,045 in 1999 to \$4,878 in 2001.



FIGURE 2, WELFARE INCOMES, FAMILIES WITH CHILDREN

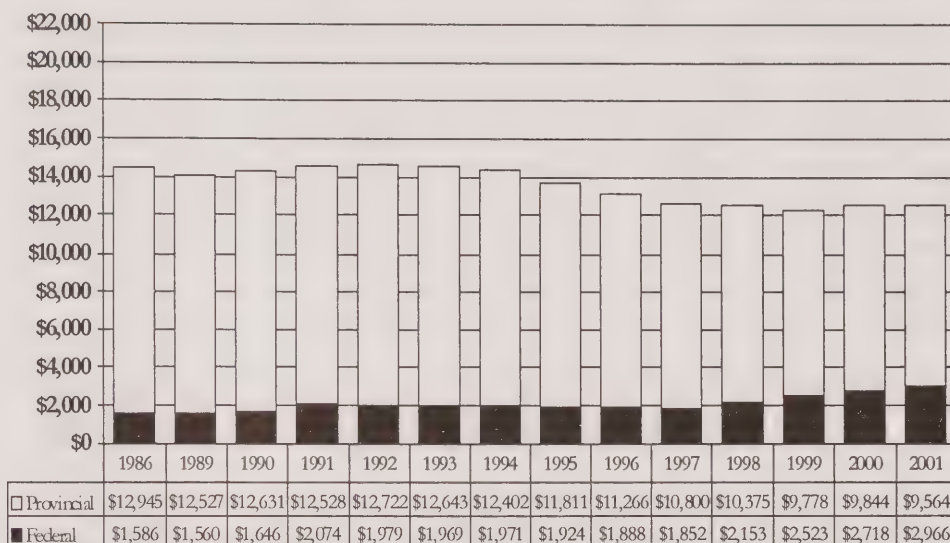
### Newfoundland & Labrador Welfare Income, Single Parent, One Child (2001 Dollars)



### Newfoundland & Labrador Welfare Income, Couple, Two Children (2001 Dollars)



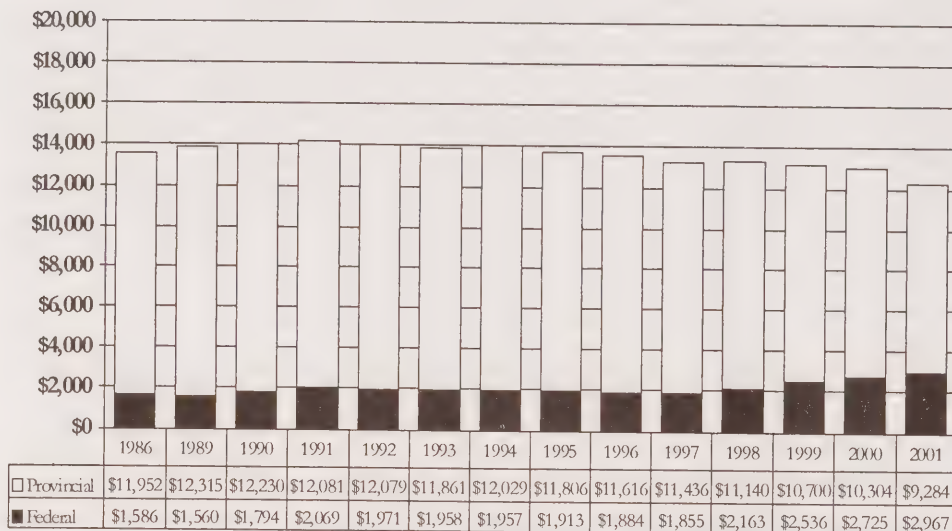
### PEI Welfare Income, Single Parent, One Child (2001 Dollars)



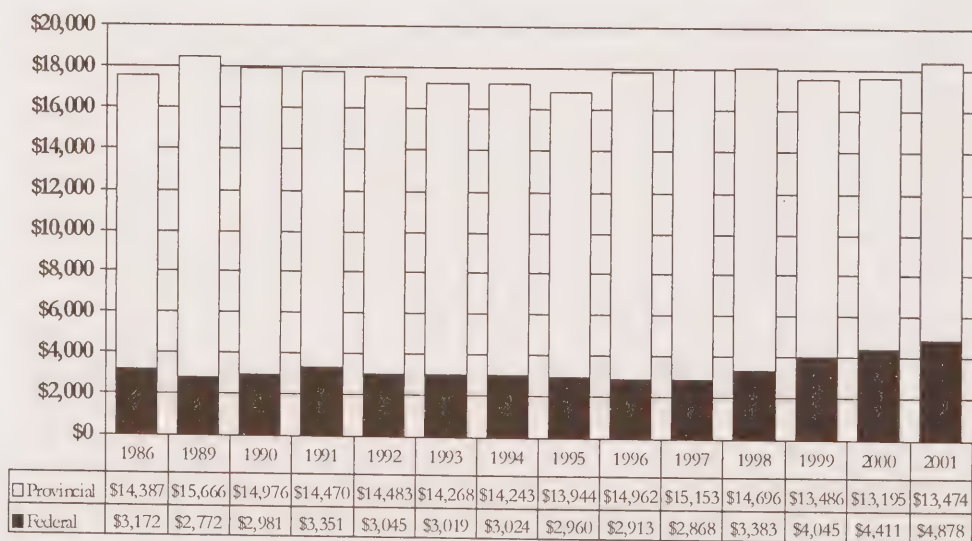
### PEI Welfare Income, Couple, Two Children (2001 Dollars)



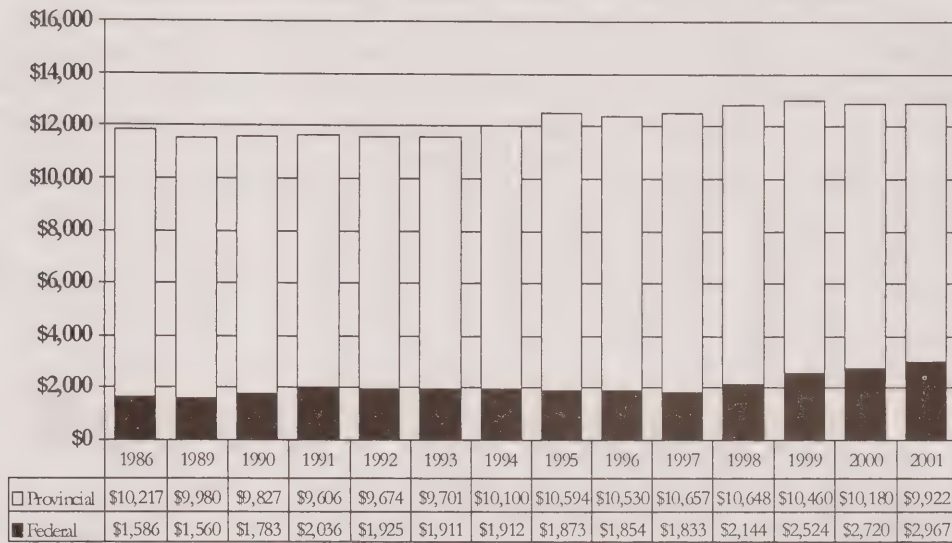
### Nova Scotia Welfare Income, Single Parent, One Child (2001 Dollars)



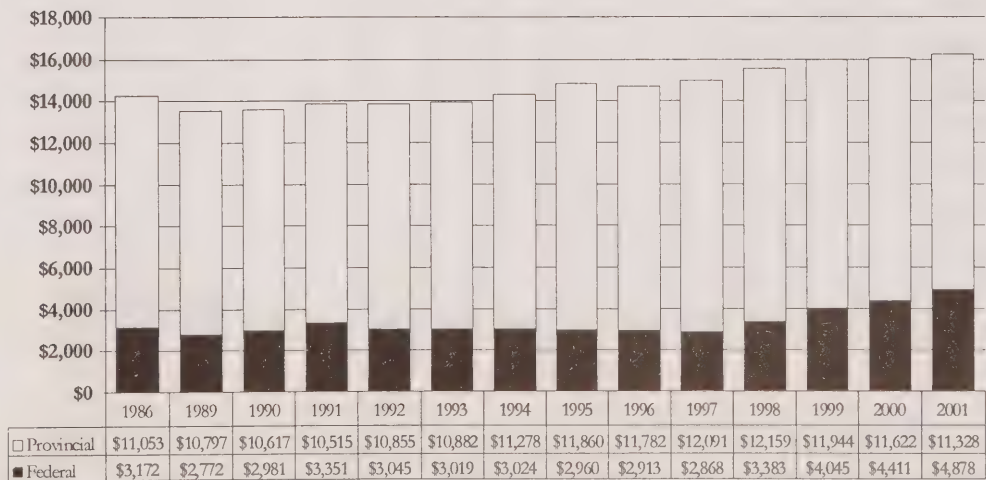
### Nova Scotia Welfare Income, Couple, Two Children (2001 Dollars)



## New Brunswick Welfare Income, Single Parent, One Child (2001 Dollars)

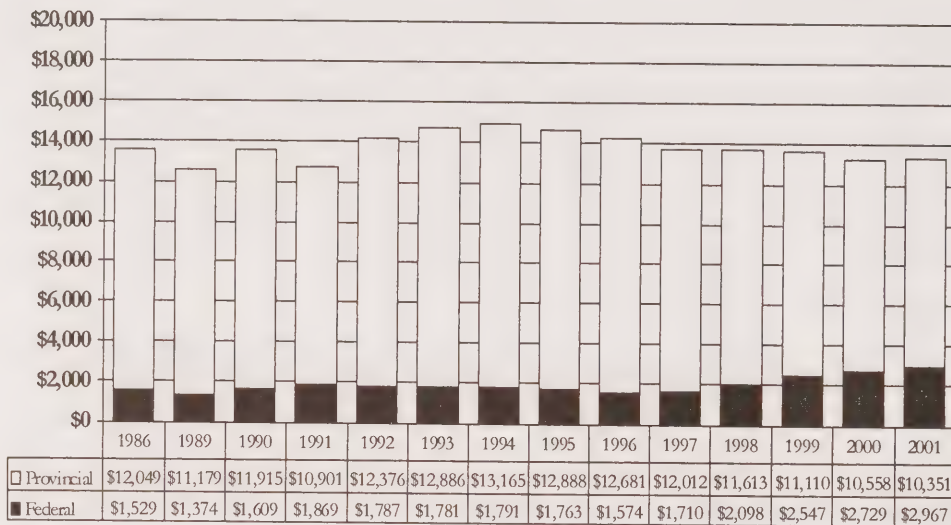


## New Brunswick Welfare Income, Couple, Two Children (2001 Dollars)

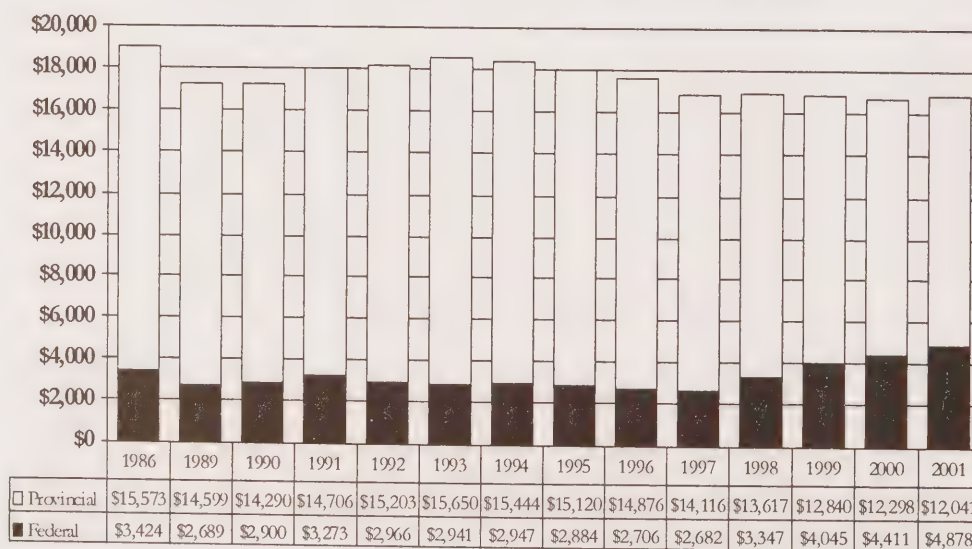




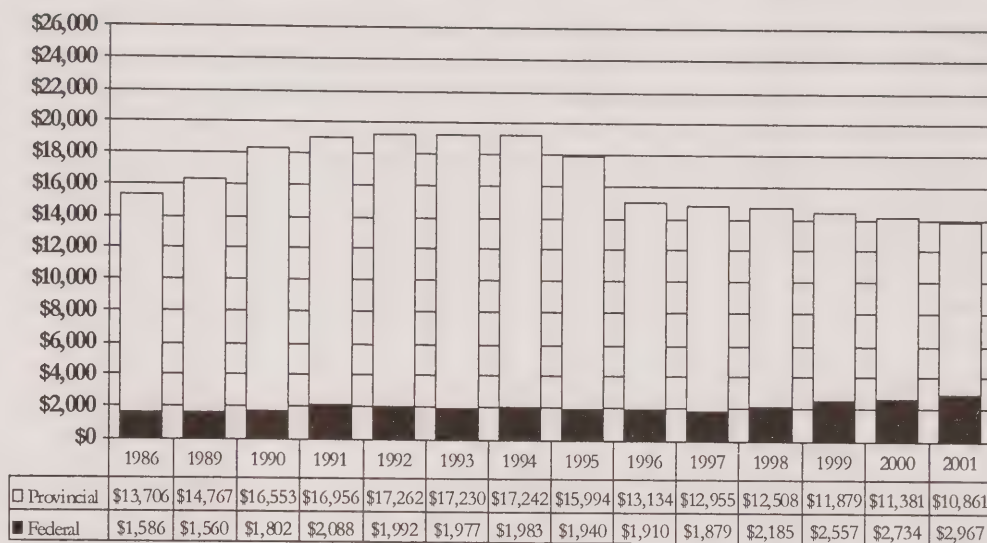
### Quebec Welfare Income, Single Parent, One Child (2001 Dollars)



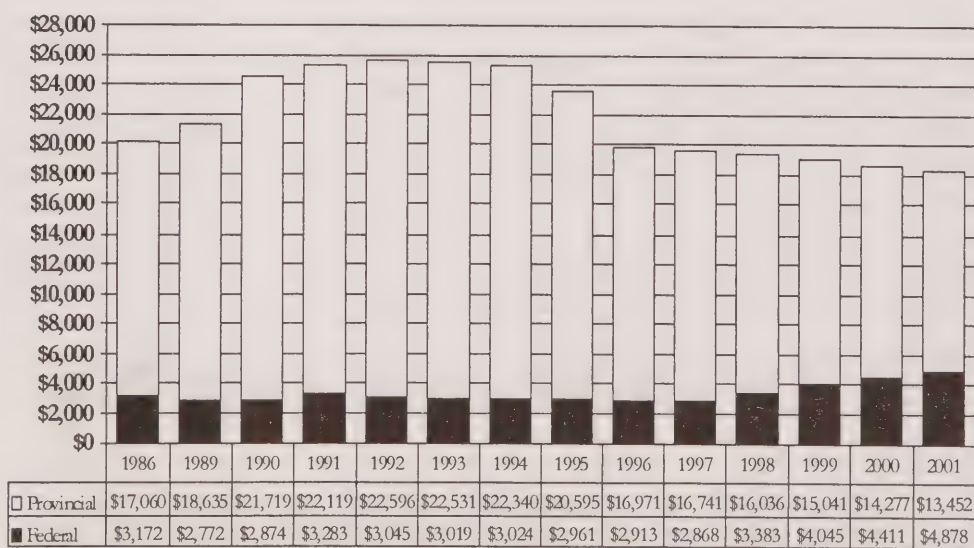
### Quebec Welfare Income, Couple, Two Children (2001 Dollars)



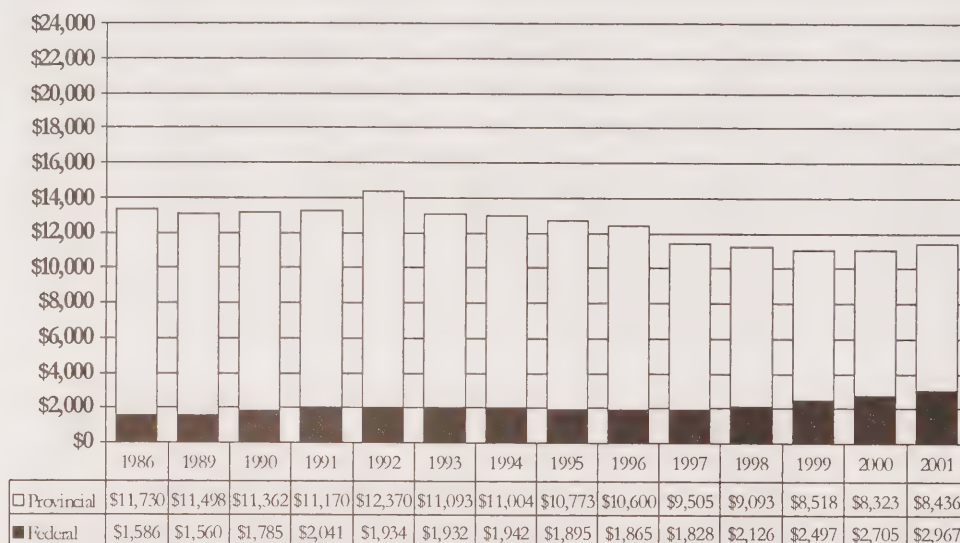
## Ontario Welfare Income, Single Parent, One Child (2001 Dollars)



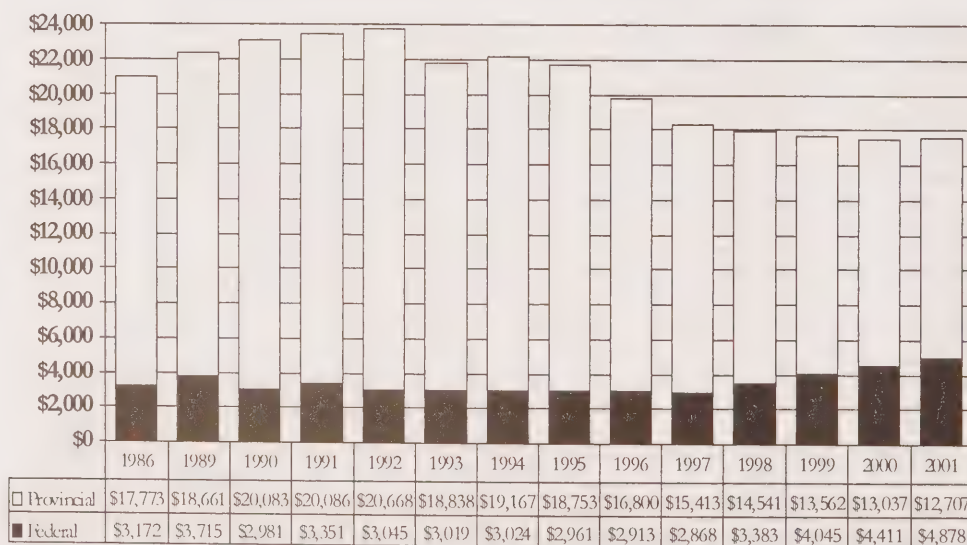
## Ontario Welfare Income, Couple, Two Children (2001 Dollars)



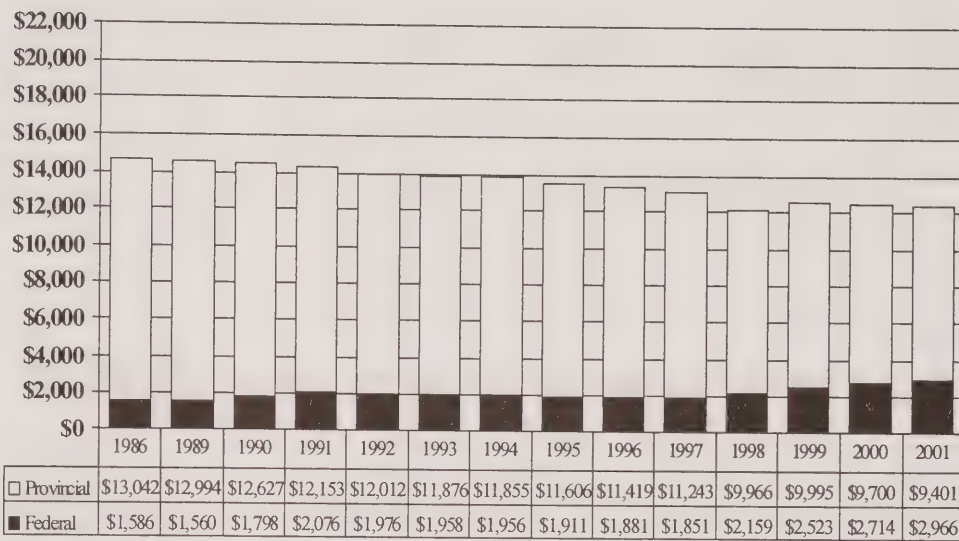
## Manitoba Welfare Income, Single Parent, One Child (2001 Dollars)



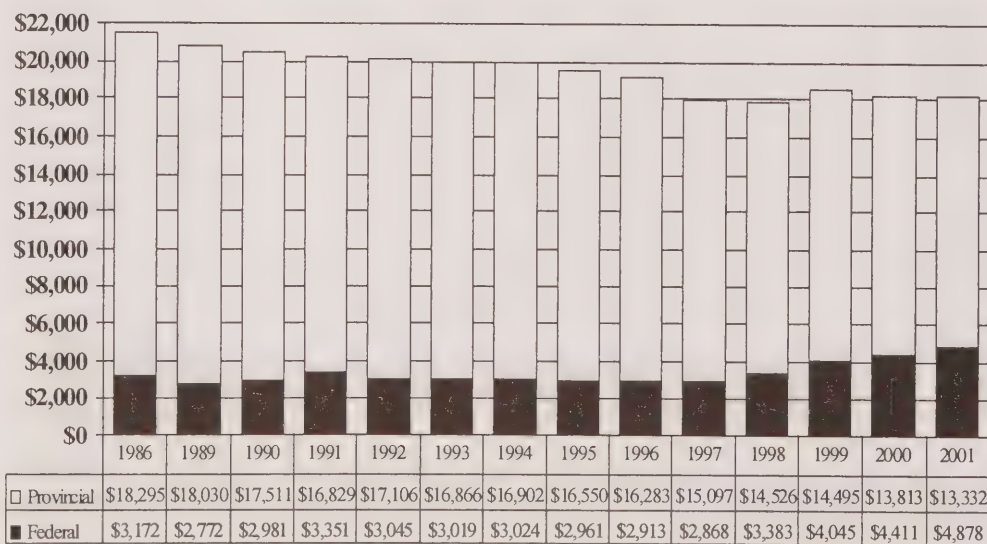
## Manitoba Welfare Income, Couple, Two Children (2001 Dollars)



### Saskatchewan Welfare Income, Single Parent, One Child (2001 Dollars)

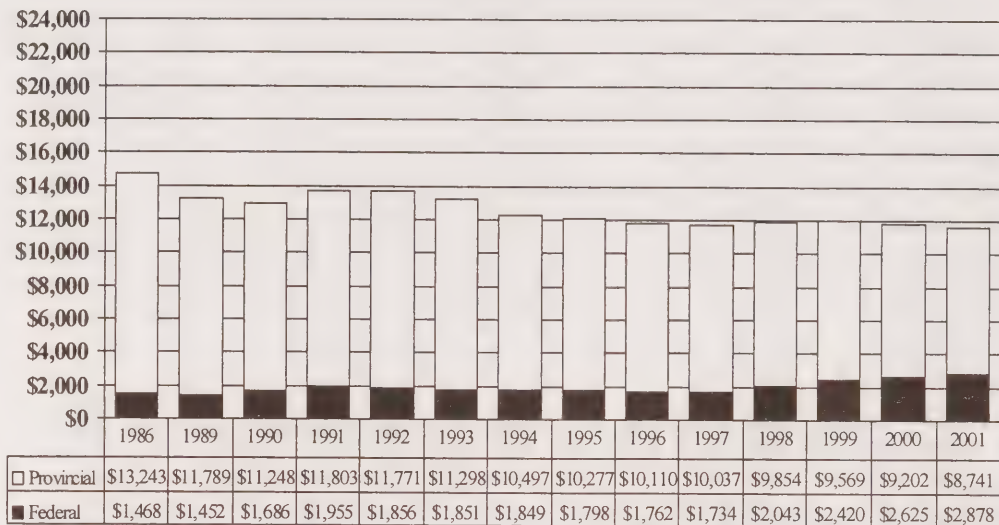


### Saskatchewan Welfare Income, Couple, Two Children (2001 Dollars)

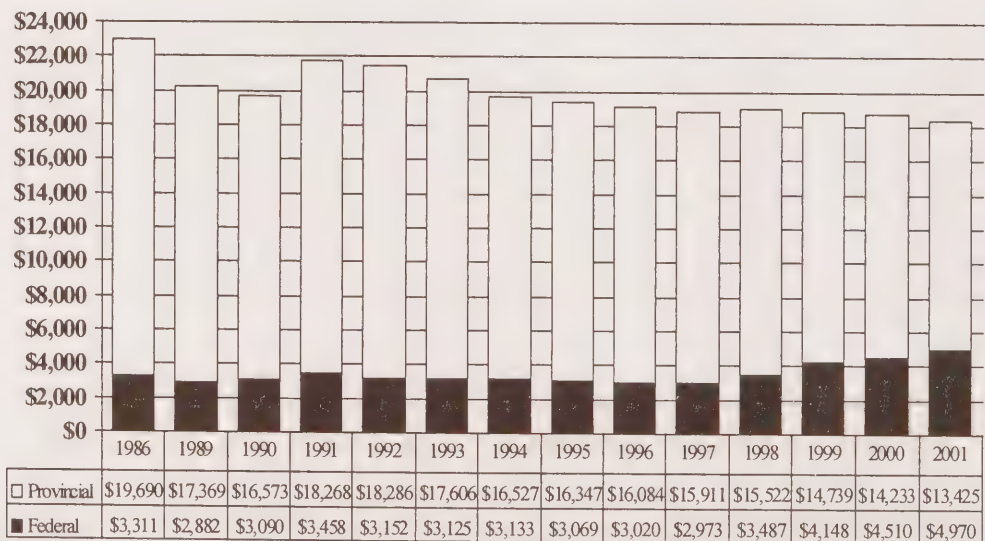




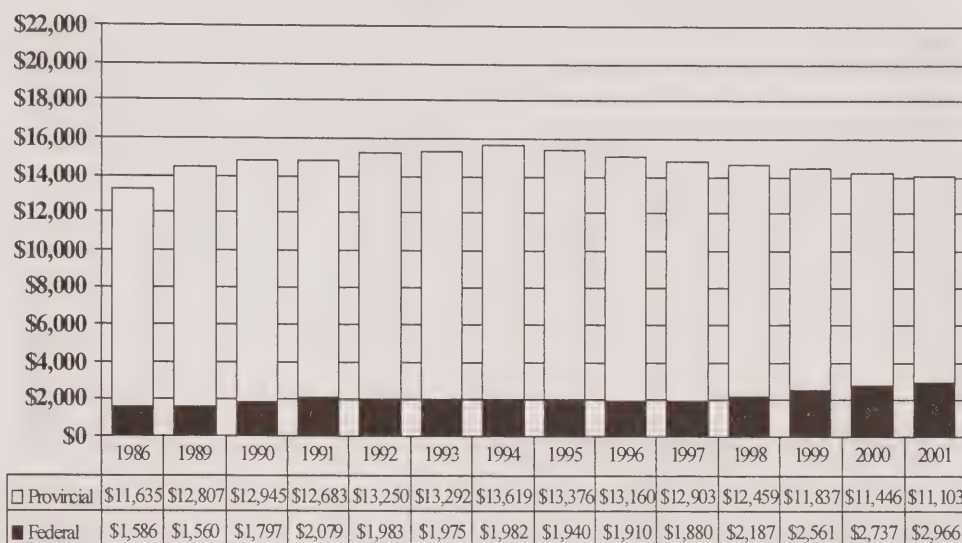
### Alberta Welfare Income, Single Parent, One Child (2001 Dollars)



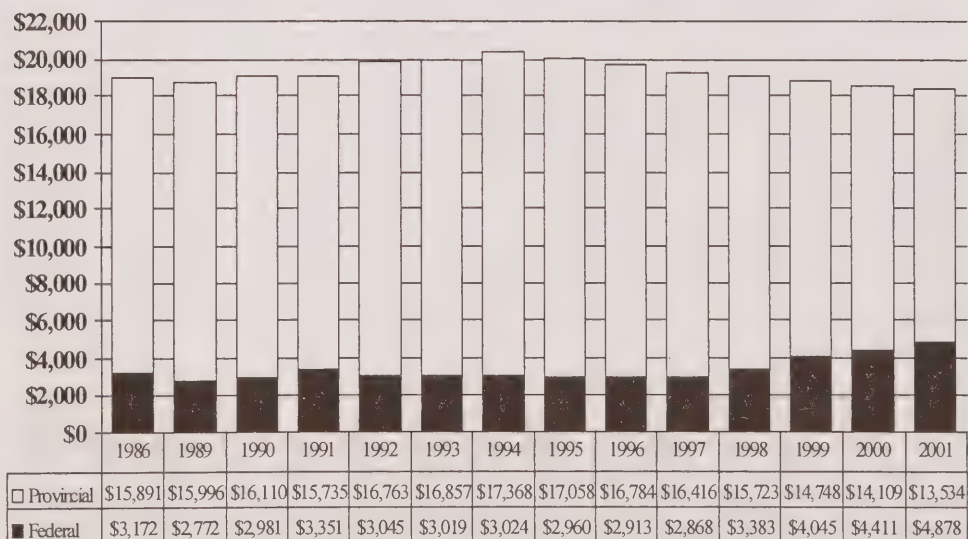
### Alberta Welfare Income, Couple, Two Children (2001 Dollars)



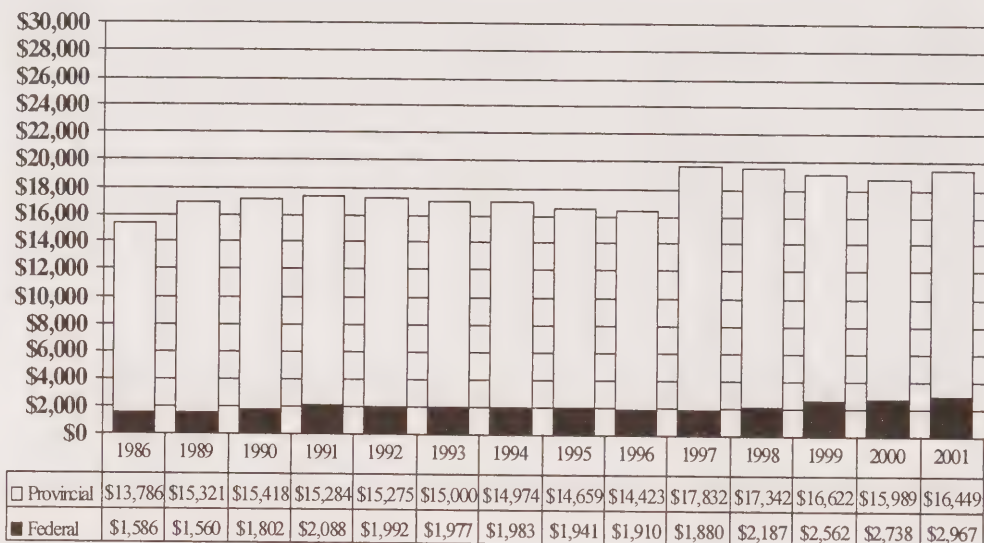
## BC Welfare Income, Single Parent, One Child (2001 Dollars)



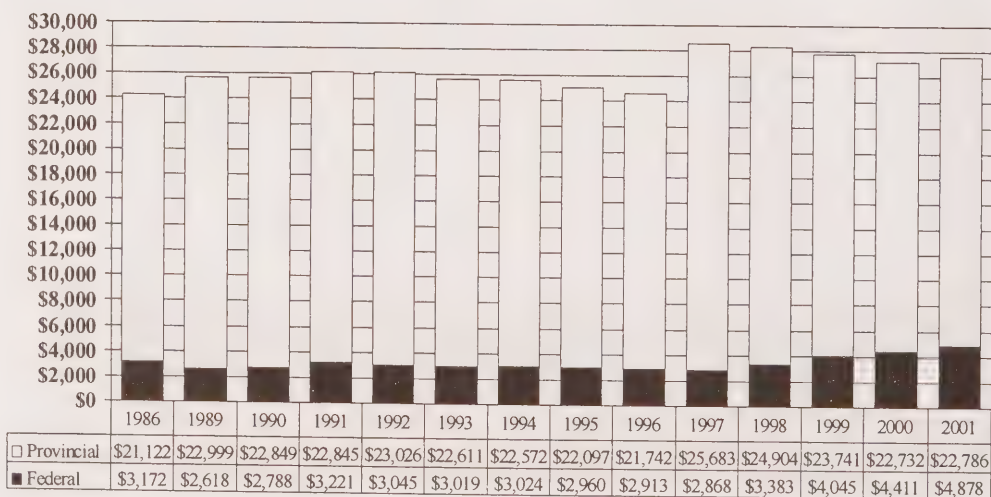
## BC Welfare Income, Couple, Two Children (2001 Dollars)



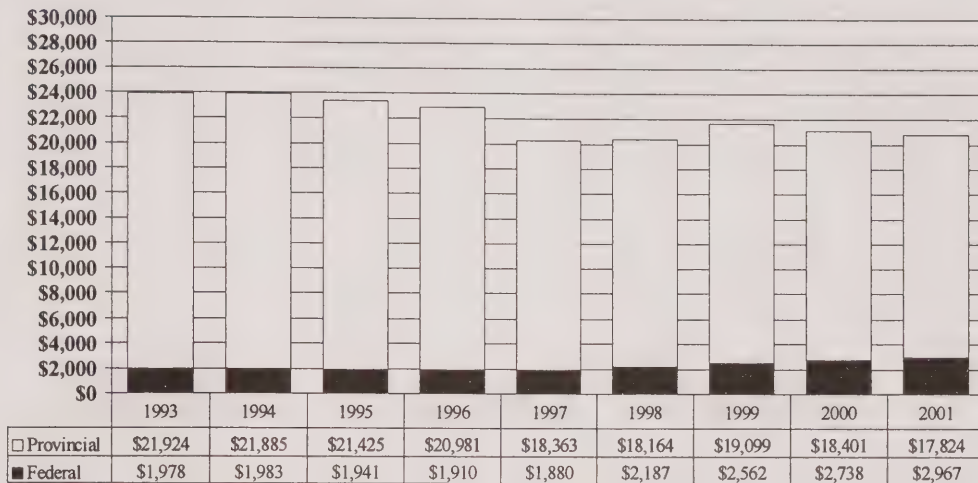
## Yukon Welfare Income, Single Parent, One Child (2001 Dollars)



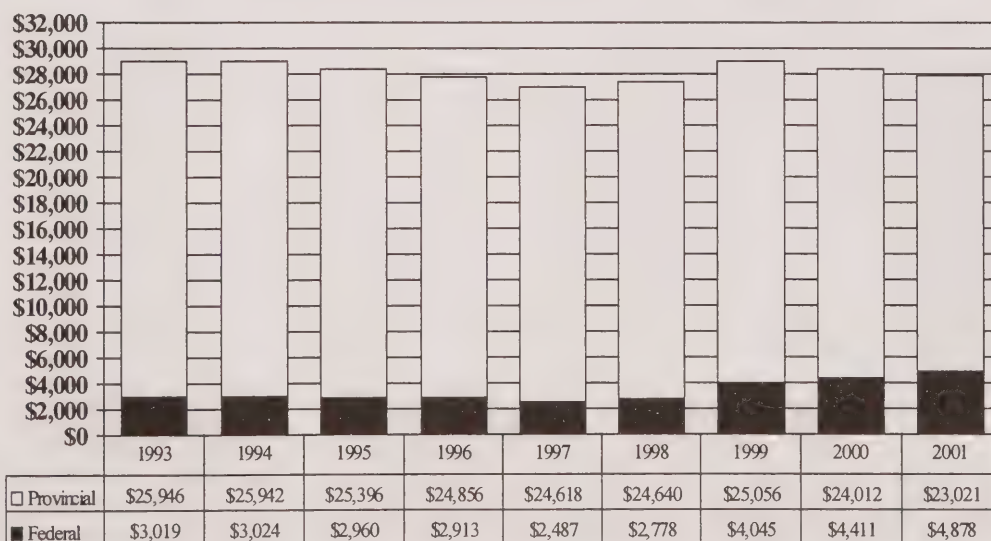
## Yukon Welfare Income, Couple, Two Children (2001 Dollars)



## NWT Welfare Income, Single Parent, One Child (2001 Dollars)

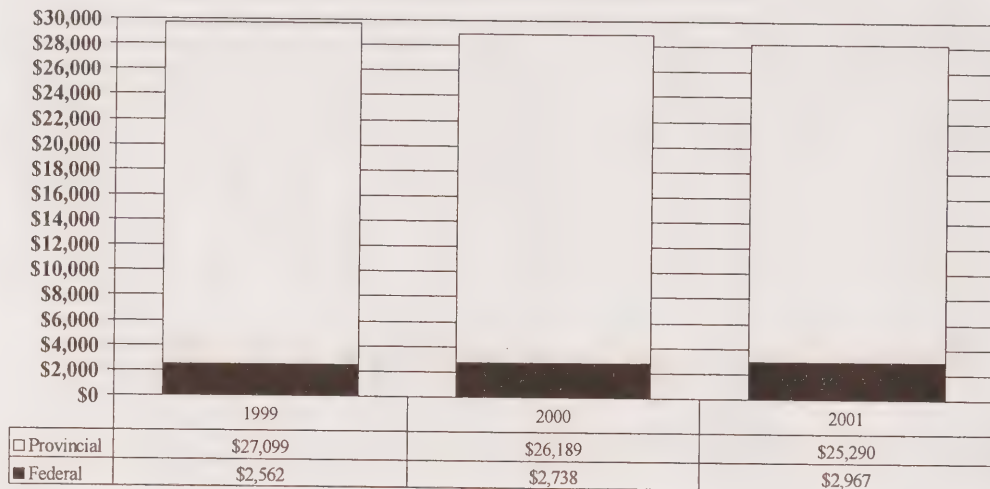


## NWT Welfare Income, Couple, Two Children (2001 Dollars)

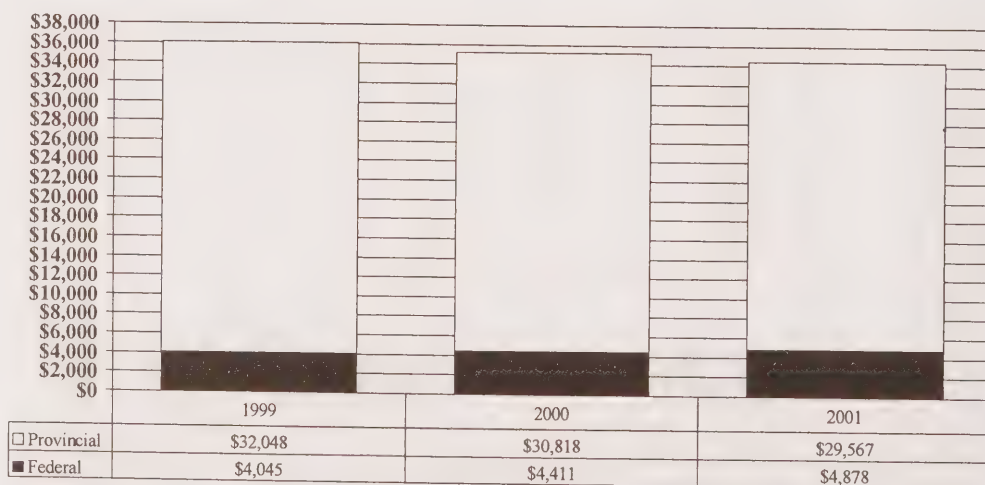




### Nunavut Welfare Income, Single Parent, One Child (2001 Dollars)



### Nunavut Welfare Income, Couple, Two Children (2001 Dollars)



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## WELFARE INCOMES AND POVERTY

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In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2001. We have used the total income of welfare recipients, including assistance from provincial governments, federal and provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

The territories are not included in this table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for people with a disability begin in 1989.

Firstly, the last two columns show that between 1999 and 2000, the standard of living for people on welfare improved in seven out of ten cases, but only partially - that is, only one household type per province saw its situation improve. Secondly, between 2000 and 2001, the standard of living of welfare recipients improved in only five cases.

The welfare incomes of families in Newfoundland and Labrador as well as in New Brunswick approached the poverty line. This is attributable to the fact that both provinces allowed all families with children to keep the supplement to the CCTB paid by the federal government, while all the other provinces and territories deducted this amount from the recipient families. The standard of living of single employable persons improved greatly owing to a reform that considerably increased the welfare benefits for single employable persons over age 29.

For the three provinces that changed their approach to the CCTB in 2001 - namely, Manitoba, Nova Scotia and Quebec, we can see that the standard of living improved by an average of about one percent for the families affected between 2000 and 2001, even though the beneficial change did not take effect until mid-year. The exception is the single-parent family in Nova Scotia; before the August 2001 reform, interim welfare rates were applied and these rates were lower than the rates used in 2000. An assessment of the situation in 2002 should show a distinct improvement between 2001 and 2002. Also, single employable persons in Nova Scotia saw their standard of living rise in 2001 because the new system gave them a couple of hundred dollars more, and this had a major impact on an extremely low income, \$4,817 in 2001.

In Prince Edward Island, the standard of living of families rose in 2000 because of the introduction of a transportation allowance and a child allowance for cultural and recreational activities, and because of increases in the allowance for school activities. In 2001, the standard of living declined because the increase of one of its allowances did not offset the increase in the cost of living or the clawback of the supplement to the CCTB.

In Saskatchewan, the single-parent family saw its standard of living increase because the assistance for utilities increased, as did the basic GST credit and supplement. In Alberta, the person with a disability and the single parent with one child saw slight improvements.

The column showing changes between 1986 and 2001 shows that in only six cases were there improvements in the welfare rate as it compares to the poverty line. Single employable people living in Prince Edward Island experienced the biggest drop in standard of living between 1986 and 2001 and also between 1991 and 2001, by 70 percent and 70.3 percent respectively.

At no point between 1986 and 2001 did any province or territory provide welfare benefits that allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided benefits for single employable people that reached 66 percent of the poverty line, and for couples with children that reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single parents that reached 80 percent of the poverty line. In all cases, these incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different family types in need of assistance. As the federal assistance provided to various families is the same province to province, the disparities in total income are attributable to provincial programs or their treatment of the CCTB.

The poorest of all welfare recipients in Canada are always single employable people. Again in 2000, Newfoundland and Labrador had the dubious distinction of providing the lowest welfare incomes in Canada, at 12 percent of the poverty line, while in 2001, it shared this unfortunate distinction with New Brunswick, whose share of income expressed as a percentage of the poverty line was 21 percent.



TABLE 6, 2001 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% Change 1986- 2001	% Change 1991- 2001	% Change 1999- 2000	% Change 2000- 2001
<b>NEWFOUNDLAND AND LABRADOR</b>																		
Single Employable	33	32	32	33	34	33	33	33	19	9	9	9	12	20	-60.7	-62.9	21.9	42.4
Person with a Disability		64	63	63	64	63	63	62	61	60	60	59	56	55		-14.4	-5.7	-1.7
Single Parent, One Child	68	66	67	69	71	71	70	69	68	67	69	70	72	73	6.6	4.9	3.7	0.2
Couple, Two Children	58	56	56	56	56	55	55	54	53	53	54	56	57	57	-0.8	2.5	1.3	1.4
<b>PRINCE EDWARD ISLAND</b>																		
Single Employable	62	66	60	62	62	62	56	43	40	39	39	38	37	36	-70.0	-70.3	-3.4	-1.8
Person with a Disability		77	70	70	71	70	69	67	67	60	60	59	56	55		-28.1	-5.2	-2.1
Single Parent, One Child	71	75	69	71	71	71	70	67	64	62	61	60	63	62	-13.2	-13.7	4.4	-0.3
Couple, Two Children	74	78	71	73	73	73	71	69	64	64	63	62	64	64	-14.6	-13.7	2.9	-0.1
<b>NOVA SCOTIA</b>																		
Single Employable	44	50	48	47	46	45	45	44	43	32	32	31	29	30	-49.2	-57.7	-6.9	2.5
Person with a Disability		66	66	66	65	64	65	63	62	61	61	60	56	51		-28.4	-7.0	-8.8
Single Parent, One Child	64	66	66	67	67	66	67	65	64	63	63	63	64	61	-6.1	-10.5	2.4	-6.4
Couple, Two Children	57	60	58	58	57	56	56	55	58	59	59	57	58	60	5.5	3.9	1.6	4.1
<b>NEW BRUNSWICK</b>																		
Single Employable	22	24	24	25	24	24	24	24	24	23	23	23	21	21	-5.0	-19.8	-6.9	-2.5
Person with a Disability		63	62	62	61	61	61	48	47	48	48	47	44	43		-45.2	-7.0	-2.6
Single Parent, One Child	56	55	55	55	55	55	57	59	59	59	61	62	64	64	12.1	13.8	3.3	-0.1
Couple, Two Children	46	44	44	45	45	45	46	48	48	49	50	52	53	53	13.3	15.5	1.5	1.1
<b>QUEBEC</b>																		
Single Employable	20	31	48	41	41	41	40	39	39	37	37	37	34	34	40.5	-20.5	-8.5	-0.5
Person with a Disability		47	49	53	53	53	54	53	53	53	53	53	49	49		-7.3	-7.9	-0.1
Single Parent, One Child	57	54	58	54	59	60	62	61	60	57	57	57	56	57	-0.3	4.5	-1.1	0.2
Couple, Two Children	54	54	59	52	52	53	52	51	51	48	48	48	47	48	-13.6	-9.0	-1.9	1.2



TABLE 6, 2001 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% Change 1991- 2001	% Change 1999- 2000	% Change 2000- 2001
<b>ONTARIO</b>																	
Single Employable	43	47	52	54	55	55	55	51	42	42	41	41	37	36	-49.0	-9.5	-2.5
Person with a Disability		68	72	75	76	76	76	74	73	72	71	70	64	62	-20.2	-9.6	-2.6
Single Parent, One Child	64	68	76	79	80	80	80	75	63	62	61	60	60	59	-34.6	-0.7	-2.1
Couple, Two Children	58	61	70	72	73	73	72	67	57	56	55	55	53	52	-39.3	-3.5	-1.9
<b>MANITOBA</b>																	
Single Employable	43	40	46	46	47	47	44	42	39	34	34	33	30	29	-50.4	-9.5	-2.5
Person with a Disability		43	49	49	59	53	53	52	51	50	50	49	42	41	-20.6	-18.2	-2.6
Single Parent, One Child	56	50	54	55	60	54	54	53	52	51	51	50	47	48	-13.6	-6.5	3.3
Couple, Two Children	60	60	65	67	68	63	64	62	56	52	51	50	49	50	-35.1	-2.1	0.8
<b>SASKATCHEWAN</b>																	
Single Employable	41	42	41	41	42	44	44	43	42	38	38	39	37	37	-10.9	-4.9	-0.4
Person with a Disability		67	65	65	63	63	63	61	62	56	56	57	54	54	-21.3	-5.7	-0.6
Single Parent, One Child	70	69	68	68	66	66	66	64	63	62	58	59	61	61	-11.1	3.1	-0.4
Couple, Two Children	70	68	66	65	65	65	65	63	62	58	58	60	60	60	-8.6	-0.5	-0.1
<b>ALBERTA</b>																	
Single Employable	51	36	35	39	38	36	32	31	31	30	30	30	27	27	-46.1	-9.5	-2.5
Person with a Disability		44	43	60	45	44	44	43	42	42	42	42	41	40	-48.9	-2.0	-2.5
Single Parent, One Child	61	55	53	57	57	54	52	50	50	49	50	50	50	49	-15.6	0.3	-1.8
Couple, Two Children	66	58	56	62	61	59	56	55	55	54	54	54	53	52	-19.6	-2.0	-1.9
<b>BRITISH COLUMBIA</b>																	
Single Employable	37	41	42	40	43	43	44	43	39	39	38	38	35	34	-16.8	-8.7	-1.4
Person with a Disability		56	58	58	60	60	61	61	60	59	58	57	53	52	-11.8	-8.7	-1.4
Single Parent, One Child	55	60	61	62	64	64	65	64	63	62	61	60	60	60	-3.8	0.1	-0.8
Couple, Two Children	54	53	54	54	56	57	57	57	56	55	54	54	52	52	-4.0	-2.7	-0.6

The adequacy of incomes for people with a disability has remained relatively stable in comparison to the incomes of other welfare recipients. During recent welfare reforms in the 1990s, provinces and territories frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989 to a low of 55 percent of the poverty line in 2001. Two provinces joined Alberta in its treatment of welfare benefits for people with a disability. In 2000, Alberta, Manitoba and New Brunswick provided 41 percent, 42 percent and 44 percent of the poverty line respectively, whereas in 2001, the rates dropped to 40 percent, 41 percent and 43 percent. We note that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program. In 2000, in New Brunswick, a new supplement granted once a year was introduced for eligible people with a disability recognized by a group of medical experts, the equivalent of classifying them as people with a long-term disability.<sup>6</sup>

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. The lowest incomes were for single-parent families with one child in Alberta and Manitoba: in 1997 and 2001, single-parent families in Alberta received benefits equivalent to 49 percent of the poverty line, while families in Manitoba received 47 percent and 48 percent in 2000 and 2001.

The lowest welfare income in Canada for a couple with two children on welfare was 44 percent of the poverty line for families in New Brunswick in 1989 and 1990. The second lowest, 47 percent, was granted far more recently, in 2000, in Quebec. The highest income for families on welfare was 78 percent of the poverty line in Prince Edward Island in 1989.

As the graphs on the next pages illustrate, there is wide variation in the adequacy of welfare incomes even within regions. Among the five eastern provinces, the most consistently low welfare incomes for single employable people used to be in New Brunswick. Single employable people on welfare in New Brunswick received grossly inadequate assistance ranging from a low of 22 percent of the poverty line in 1986 to 25 percent of the poverty line in 1991. In 1996, however the Newfoundland and Labrador government imposed a severe cut to the welfare rates of single employable people, bringing those incomes down to only nine percent of the poverty line. It was not until 2001 that a single person living in Newfoundland and Labrador, following a reform of the rates for single employable people over age 29 (80 percent of single employable people are over age 29), could receive an income comparable to that of New Brunswick, though both are extremely low in relation to the poverty line.

The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 2001, welfare incomes in PEI had deteriorated to 36 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 34 percent in 2000 and 2001. Nova Scotia's incomes hovered at 29 percent of the poverty line by 2000 and 30 percent in 2001.

Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 29 percent in

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<sup>6</sup> Our calculations do not show these additional allowances because we assume that this person has a severe enough disability to qualify as a person with a disability, but does not need special equipment.

2001. Saskatchewan's incomes rose and fell slowly throughout the period. British Columbia incomes remained more steady until 1999, then dropped to 35 percent in 2000 and 34 percent in 2001.

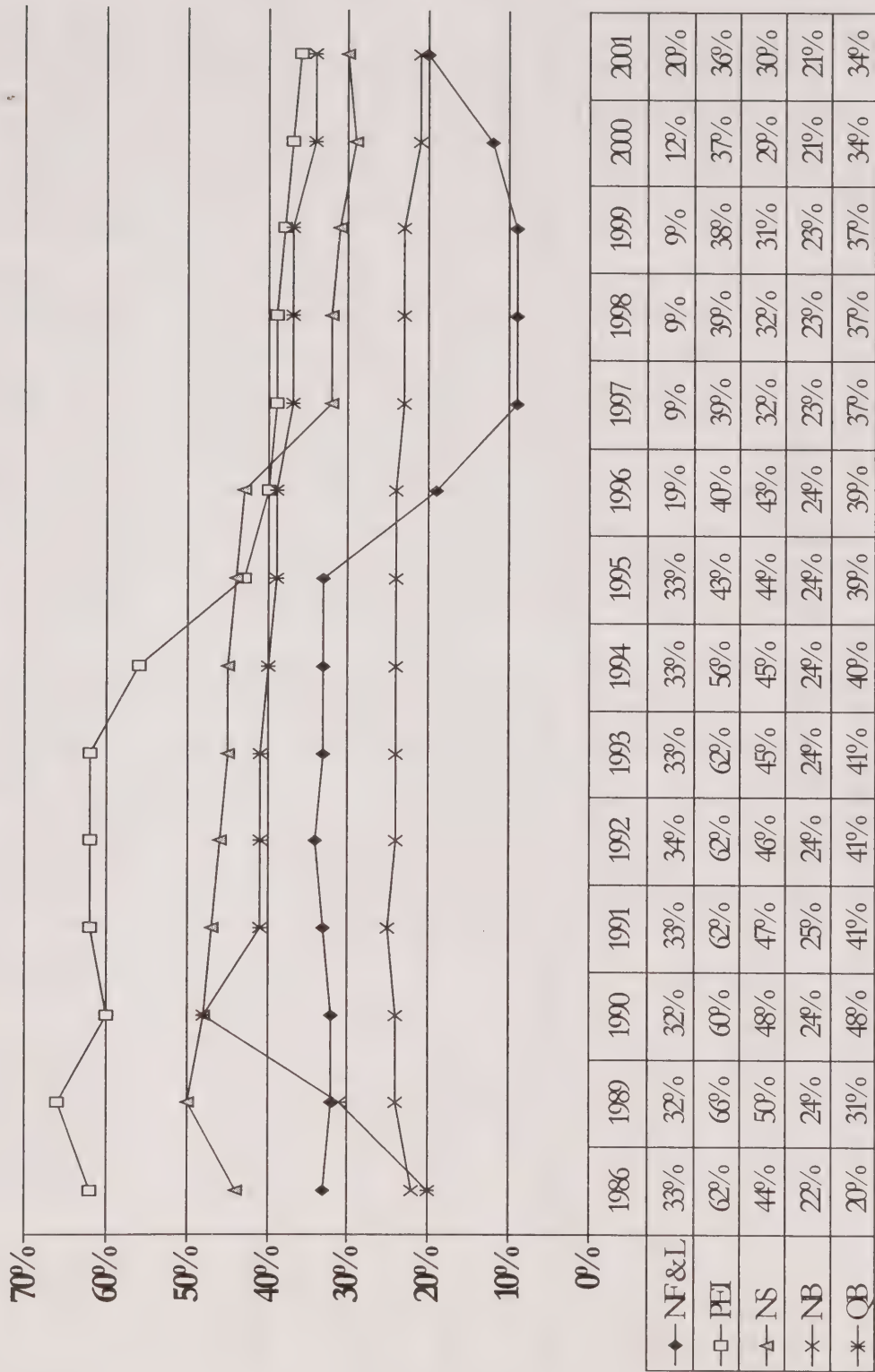
In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 2000 and 2001, Ontario's support for single employable people had dropped to 37 and 36 percent of the poverty line respectively. In Alberta, incomes dropped from a high of 51 percent in 1986 to 27 percent in 2000 and 2001.

Welfare incomes in all the provinces are grossly inadequate. Yet instead of improving the living standards of people on welfare, the provinces have imposed freezes and cuts to welfare rates. The National Council of Welfare is extremely concerned about this trend. Incomes that provide adequate standards of living covering the cost of the necessities of life must be a goal of welfare programs.



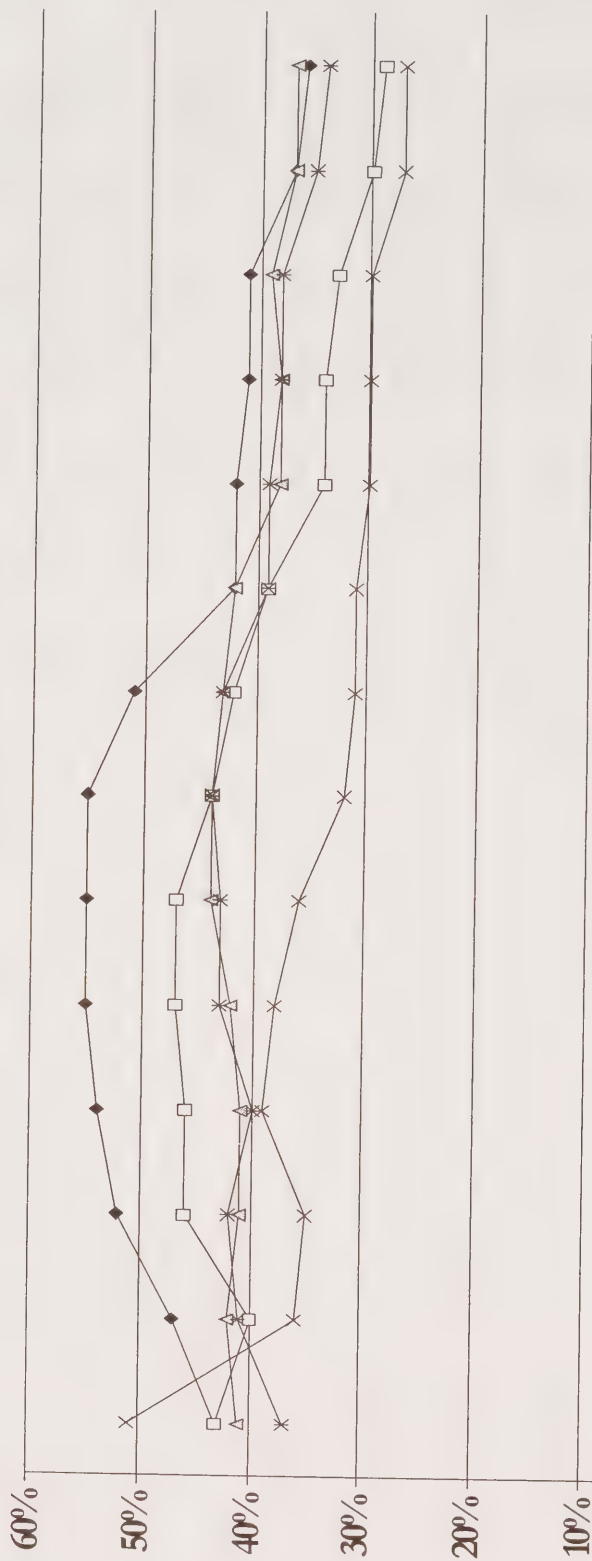
FIGURE 3

# Welfare Incomes Over Time As % of Poverty Line, Single Employable People





# Welfare Incomes Over Time As % of Poverty Line, Single Employable People



	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
—◆— ON	43%	47%	52%	54%	55%	55%	55%	51%	42%	42%	41%	41%	37%	36%
—□— MB	43%	40%	46%	46%	47%	47%	44%	42%	39%	34%	33%	30%	30%	29%
—△— SK	41%	42%	41%	41%	42%	44%	44%	43%	42%	38%	38%	39%	37%	37%
—×— AB	51%	36%	35%	39%	38%	36%	32%	31%	31%	30%	30%	30%	27%	27%
—*— BC	37%	41%	42%	40%	43%	43%	44%	43%	39%	39%	38%	38%	35%	34%

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## EARNINGS EXEMPTIONS

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The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have earnings. Each province and territory allows welfare recipients to retain a certain amount (a flat-rate sum, a percentage of earnings or a combination of both) without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 7 shows the allowable earnings exemptions for January 2001 in each province and territory. The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including childcare expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates.

The National Council of Welfare feels that it is fair to require some effort on the recipient's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits is not.

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001		
	UNEMPLOYABLE	EMPLOYABLE
NEWFOUNDLAND AND LABRADOR <sup>1</sup>	Disabled adult: up to \$95 Family with disabled member(s): up to \$190	Unemployed adult: up to \$75 Family of two or more (no disabled members): up to \$150
PRINCE EDWARD ISLAND <sup>2</sup>	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	
NOVA SCOTIA <sup>3</sup>	Single person: \$100 + 25% of gross earnings or vocational training allowances Family: \$200 + 25% of gross earnings or vocational training allowances Single people with disabilities who are in an approved education program: \$275 + 25% of monthly training allowances	Single person: \$50 (net wages) Family: \$100 (net wages) <sup>4</sup>

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001

	UNEMPLOYABLE	EMPLOYABLE
NEW BRUNSWICK	<p>Single person: \$150 Family: \$200</p>	<p>Single person: \$150 Family: \$200</p> <p>If welfare officials decide a recipient has high employment potential, exemptions are increased. For a single person: an additional monthly amount of \$250 for two months. For a family: an additional \$200 a month for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p>
		<p>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the employment seems likely to lead to self-sufficiency (that is, is not temporary or seasonal). The Extended Wage Exemption lasts for 12 months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Single people and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month.</p> <p>Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.</p>
QUEBEC	<p>Person with severe limitation to work: \$100 Person with temporary limitation to work: \$200</p>	<p>Single person: \$200 Single parent: \$200 Two-parent family: \$300</p>



TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001

	UNEMPLOYABLE	EMPLOYABLE
ONTARIO <sup>5</sup>	<p>\$160 for disabled single person + 25% of remainder of earnings + child care <sup>2</sup></p> <p>\$235 for families, with a disabled member + 25% of remainder of earnings + child care <sup>6</sup></p>	<p>Single person: first \$143 + variable exemption <sup>6</sup></p> <p>Single parent, one child: first \$275 + variable exemption <sup>7</sup> + child care <sup>6</sup></p> <p>Couple, two children: first \$346 + variable exemption <sup>7</sup> + child care <sup>6</sup></p>
MANITOBA <sup>8</sup>	<p>Newly-enrolled applicant and self-employed person: \$100 of net earnings</p> <p>Single parent: \$115 plus 30% of net earnings in excess of \$115</p> <p>Single person, childless couple and two parent family: \$100 plus 30% of net earnings in excess of \$100 <sup>9</sup></p>	<p>Single person, childless couple and two-parent family with children: \$100 for each earner + 25% of net earnings</p> <p>Single parent: \$115 + 25% of net earnings</p>
SASKATCHEWAN <sup>10</sup>	<p>Single person with a disability: first \$100 of earned income + 20% of excess (maximum exemption \$175)</p> <p>Two-adult family, no children: first \$125 of earned income + 20% of excess (maximum exemption \$250)</p> <p>Family with children in which the adult is disabled: \$200. Earnings over \$200 are eligible for the Saskatchewan Employment Supplement.</p>	<p>Single person: first \$25 of earned income + 20% of excess (maximum exemption \$100)</p> <p>Two-adult family, no children: first \$50 of earned income + 20% of excess (maximum exemption of \$175)</p> <p>Family with children: \$125. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement</p>

TABLE 7, MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2001		
	UNEMPLOYABLE	EMPLOYABLE
ALBERTA	Adult in family: \$115 plus 25% of net income earned by all adults. First \$350 of earnings of each child in the family plus 25% of income over \$350 earned by the children. <sup>2</sup>	
BRITISH COLUMBIA	Disability Benefits Level 1 (temporarily unemployable): eligible for the regular earnings exemption	Single: \$100 plus 25% of any income earned after recipient has been on welfare for three months
	Disability Benefits Level 2 (permanently unemployable): \$200 plus 25% of remaining amount. There is no time limit.	Couple + Families: \$200 plus 25% of any income earned after recipient has been on welfare for three months The exemption is available for only 12 months during a 36-month period. The 12 months need not be consecutive.
YUKON		For first three months on welfare, \$50 for a single person, \$100 for a family. In fourth month, an additional exemption of 25% of further income.
		No exemption on net income from full-time employment (more than 20 hours a week).
		Earnings exemption on part-time employment is the greater of 50% of net earnings (not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependants) or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more.
		People considered to be permanently excluded: \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials. After three months on welfare, Yukon grants an additional exemption of 25% of net earnings exceeding the flat rate exemptions.
NORTHWEST TERRITORIES <sup>12</sup>	\$150 (no dependants) \$300 (dependants)	
NUNAVUT	\$150 (no dependants) \$300 (dependants)	

<sup>1</sup> As of October 1998, Newfoundland and Labrador allows the deduction from earnings of babysitting or day care costs up to a maximum of \$325 a month for one child and a further \$125 a child for other children if necessary for employment. The same exemptions apply to applicants for welfare.

<sup>2</sup> The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries must travel to and from work.

<sup>3</sup> There is a total exemption of earned income for the first month of full-time employment for unemployable recipients on provincial welfare (the person with a disability and the single parent). Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program. Revisions to the exemptions began in August 2001 and will be reflected in later versions of this report.

<sup>4</sup> These are the earnings exemptions which represent the Social Assistance Program (Employable) and Family Benefits Program (Unemployable).

<sup>5</sup> The exemptions are time limited: whereas the percentage is 25% of remainder of earnings for the first year, after a year, it is decreased to 15% and after two years, only the lump sum is exempted.

<sup>6</sup> Actual amount paid for licensed child care expenses, otherwise, up to a maximum of \$390 for each child under six; up to a maximum of \$346 for each child aged more than six and under 13.

<sup>7</sup> Variable rate is 25 percent for those with cumulative months with earnings, (calculated effective October 1999) while receiving social assistance for up to one year. The rate is 15 percent between one and two years, and the rate is reduced to zero if 25 months or more.

<sup>8</sup> When an unemployable participant's gross monthly income from all sources, except those exempted, represents 135% or more of the household's cost of basic necessities, the participant will no longer be eligible for a supplement.

<sup>9</sup> In all cases, the participants' budgets can include transportation and work clothing.

<sup>10</sup> Earnings exemption levels vary by family size. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment. The Saskatchewan Employment Supplement is a monthly payment for parents on welfare who work for pay or receive maintenance payments. The Supplement is paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$315 extra a month for a family with five or more children.

<sup>11</sup> Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$200 a month plus 25 percent of additional earnings, and families have an exemption of \$775 monthly.

<sup>12</sup> On September 1, 2001 Northwest Territories increased its earnings exemptions to \$200 and \$400 respectively for single persons and families.



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## CONCLUSION

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The National Council of Welfare has tracked welfare rates since 1986. In all those years, we have had very little opportunity to announce any good news. From the beginning, the Council was concerned about how low welfare incomes were. Welfare incomes have never reached the poverty line for any family type at any time anywhere in Canada.

If indeed we are in a recession, those who are already poor will be joined by others, to whom we will have to offer additional economic support. But no further measures for that purpose were announced in the 2001 Budget. We might say that at least the Child Tax Benefit (CTB) was not touched, but the massive investment in that program - \$6 billion in CTB paid out in 2000 - did not all make its way to the people most in need of it. The perverse impact of the clawback that has existed since July 1998 continued in eight of the 13 provinces and territories: the federal government gives and the provinces and territories take away. The federal government allowed the provinces and territories to claw back the increases in federal funds from families that relied on welfare, and is still allowing them to do it.

The clawback has effectively frozen welfare incomes and dampened prospects for increases in the future. It has also made it possible for the provinces and territories to evade their responsibilities to the poorest of the poor while the federal government now shoulders a greater part of the cost.

Five provinces have gone against this trend, and we are very pleased that three provinces decided to follow the trail blazed by the first two. Newfoundland and Labrador and New Brunswick have been passing the increases through to families since July 1998, and the three provinces that recently changed the way they deal with the Child Tax Benefit are Nova Scotia (as of August 2001), Manitoba (as of July 2001 for children under the age of seven) and Quebec (as of July 2001 for all family benefits recipients).

For the three provinces that changed the way they deal with the CTB, the evidence shows that the standard of living rose by about one per cent for the families<sup>7</sup> affected between 2000 and 2001, even though the change only took effect halfway through the year. When the situation is assessed for 2002, it should show a net improvement between 2001 and 2002.

However, for 2000 and 2001, no province had welfare rates consistently closer to the poverty line than elsewhere. Rates in some provinces and territories, especially rates for single employable people, are far below the line. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date.

The welfare income picture over the last decade is bleak. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s, and the trend continues in the early part of this decade, with few exceptions. In Prince Edward Island provincial incomes

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<sup>7</sup> The exception is single-parent families in Nova Scotia, where interim social assistance rates were applied before the August 2001 reform, and were lower than the rates used in 2000.



went up in 2000 for all types of families, but they went down again in 2001. In Yukon, 2001 numbers have also shown an increase in provincial incomes for all types of families.

A number of provinces and territories reviewed their social assistance programs during 2001 or announced that they would be doing so during 2002. In January 2001, the Government of Newfoundland and Labrador announced that it would be reviewing its social assistance legislation and holding public consultations on the changes to be made. In Saskatchewan, Welfare Reform is in Phase II, and public consultations are being held. In Alberta, consultations have concluded, and the committee that is coordinating the program review submitted a report to the Minister in October 2001. In Nunavut, following public consultations, the Final Report of the Income Support Policy Review was tabled in the Assembly.

The Council will be carefully monitoring the results of the various public consultations and the recommendations adopted by the different provincial and territorial governments referred to above, to ensure that the changes made genuinely reflect the needs of low-income Canadians and respect their dignity and their full rights as citizens. The National Council of Welfare in particular is very concerned about the recent decisions by the Government of British Columbia to cut benefits for certain social assistance recipients and tighten eligibility criteria for others.

The price of poverty is paid by all Canadians. There is abundant evidence that poverty not only causes personal human suffering, but also is illogical from a strictly economic standpoint. In February 2001, the National Council of Welfare published *The Cost of Poverty*, in which it presented a number of examples showing that we all pay the price of poverty and explained how more informed decisions would advance human well-being and produce real, long-term savings.

Finally, we cannot remain silent in the face of proposals that we adopt a U.S.-style approach that would involve for example placing a cap on welfare entitlements, with a lifetime limit on "use". The National Council of Welfare considers this type of thinking to be dangerously simplistic. It is absurd to think that cutting benefits and excluding people from social assistance programs is going to result in a reduction in poverty levels. We believe it is wrong to imagine that reducing the number of welfare recipients will cause the number of workers to increase. It is more logical to believe the opposite: if more people are working, fewer people will need last-resort income. In addition, it is wrong to think that poor families all fit the same homogeneous pattern.

In *Child Poverty Profile 1998*, the National Council of Welfare showed that although a greater proportion of poor children lived in families where the major income provider was not employed, not all poor children live in families where the adults have no paid work. Fully one half of poor children lived in families where the major income earner was employed part, if not all, of the year in 1998.

The Council has seen no convincing evidence that taking money away from the poorest of poor families will motivate parents to enter the work force. What we know helps parents to provide for their children are a series of family supports such as job training, better minimum wages, labour policies that help parents to balance their responsibilities to their children with

their responsibilities to their jobs. Good, integrated family policy must also include early child development programs that provide the best possible early education for children while providing the dependable, affordable child care that allows parents to participate in job training and take jobs.

TABLE 8, ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY									
	MARCH 31, 1995	MARCH 31, 1996	MARCH 31, 1997	MARCH 31, 1998	MARCH 31, 1999	MARCH 31, 2000	MARCH 31, 2001	% CHANGE 1999-2000	% CHANGE 2000-2001
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600	59,900	59,400	54,400	-0.8%	-8.4%
PRINCE EDWARD ISLAND	12,400	11,700	11,100	10,900	9,800	8,400	7,900	-14.3%	-6.0%
NOVA SCOTIA	104,000	103,100	93,700	85,500	80,900	73,700	66,800	-8.9%	-9.4%
NEW BRUNSWICK	67,400	67,100	70,600	67,100	61,800	56,300	52,900	-8.9%	-6.0%
QUEBEC	802,200	813,200	793,300	725,700	661,300	618,900	576,600	-6.4%	-6.8%
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300	910,100	802,000	709,200	-11.9%	-11.6%
MANITOBA	85,200	85,800	79,100	72,700	68,700	63,300	60,500	-7.9%	-4.4%
SASKATCHEWAN	82,200	80,600	79,700	72,500	66,500	63,800	60,900	-4.1%	-4.5%
ALBERTA	113,200	105,600	89,800	77,000	71,900	64,800	58,000	-9.9%	-10.5%
BRITISH COLUMBIA	374,300	369,900	321,300	297,400	275,200	262,400	252,900	-4.7%	-3.6%
YUKON	2,100	1,700	2,000	2,100	1,700	1,400	1,300	-17.6%	-7.1%
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700	11,300	3,400	2,200	-69.9%	-35.3%
NUNAVUT	<i>Nunavut data are as of December 31, 1999.</i>					7,300	7,300		
<b>CANADA</b>	<b>3,070,900</b>	<b>2,937,100</b>	<b>2,774,900</b>	<b>2,577,500</b>	<b>2,279,100</b>	<b>2,085,100</b>	<b>1,910,900</b>	<b>-8.5%</b>	<b>-8.4%</b>

Source: Social Program Information and Analysis Division, Social Policy Directorate, Human Resources Development Canada



TABLE 9, POVERTY LINE, 2000 ESTIMATE  
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S  
BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2000\*

FAMILY SIZE	COMMUNITY SIZE				
	CITIES OF 500,000+	100,000- 499,999	30,000- 99,999	LESS THAN 30,000	RURAL AREAS
1	18,371	15,757	15,648	14,561	12,696
2	22,964	19,697	19,561	18,201	15,870
3	28,560	24,497	24,326	22,635	19,738
4	34,572	29,653	29,448	27,401	23,892
5	38,646	33,148	32,917	30,629	26,708
6	42,719	36,642	36,387	33,857	29,524
7 +	46,793	40,137	39,857	37,085	32,340

\* Based on 2.7 percent inflation in 2000

TABLE 9, POVERTY LINE, 2001 ESTIMATE  
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S  
BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2001\*

FAMILY SIZE	COMMUNITY SIZE				
	CITIES OF 500,000+	100,000- 499,999	30,000- 99,999	LESS THAN 30,000	RURAL AREAS
1	18,849	16,167	16,055	14,940	13,026
2	23,561	20,209	20,070	18,674	16,283
3	29,303	25,134	24,958	23,224	20,251
4	35,471	30,424	30,214	28,113	24,513
5	39,651	34,010	33,773	31,425	27,402
6	43,830	37,595	37,333	34,737	30,292
7 +	48,010	41,181	40,893	38,049	33,181

\* Based on 2.6 percent inflation in 2001



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## MEMBERS OF THE NATIONAL COUNCIL OF WELFARE

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Mr. John Murphy (Chairperson)  
Canning, Nova Scotia

Ms. Doris Bernard	Radisson, Quebec
Ms. Judy Burgess	Victoria, British Columbia
Ms. Olive Crane	Mt. Stewart, Prince Edward Island
Ms. Anne Gill	Hay River, Northwest Territories
Ms. Miriam Green	Montreal, Quebec
Ms. Alice Hanson	Edmonton, Alberta
Ms. Allyce Herle	Regina, Saskatchewan
Mr. Al Kavanaugh	Riverview, New Brunswick
Mr. David Northcott	Winnipeg, Manitoba
Ms. Marilyn Peers	Halifax, Nova Scotia
Ms. Shaunna Reid	Mount Pearl, Newfoundland
Mr. David Welch	Ottawa, Ontario

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Interim Director (September 2001 to October 2002): Sheila Regehr

Director: Joanne Roulston

Senior Researcher: Olufunmilola (Lola) Fabowalé

Researcher: Diane Richard

Administration and Information Officer: Louise Gunville

Administrative Assistant: Claudette Mann

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## NATIONAL COUNCIL OF WELFARE

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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 9<sup>e</sup> étage, 112, rue Kent, Ottawa, Ontario, K1A 0J9, sous notre site web au [www.ncwcnbes.net](http://www.ncwcnbes.net) ou sous forme de courrier électronique au [ncw@magi.com](mailto:ncw@magi.com).

































